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# ***Daily Report***

## **East Asia**

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# Daily Report

## East Asia

FBIS-EAS-94-026

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**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

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## Japan

### Reportage on Tax Compromise, Stimulus Package

#### SDPJ Accepts Tax Bill Compromise

OW0802020294 Tokyo KYODO in English 0153 GMT  
8 Feb 94

[Text] Tokyo, Feb. 8 KYODO—The Social Democratic Party has accepted a compromise to enact by the year-end a bill designed to finance a 6 trillion yen tax cut that is the core of a 15 trillion yen pump-priming package, party officials said Tuesday [8 February]. The decision by the largest party in the ruling coalition paves the way for Prime Minister Morihiro Hosokawa to announce a fresh tax reform plan, ending a nearly weeklong dispute over a new indirect tax that almost caused the breakup of his six-month coalition cabinet.

Five coalition leaders resumed talks at 10:30 A.M. Tuesday in a bid to settle the tax dispute.

Hosokawa vowed late Monday night to settle the rift in the governing coalition over funding details for the tax cut.

On Monday, representatives of the coalition parties agreed to implement the 6 trillion yen tax cut independently and establish a consultative body among coalition parties to decide funding details within a year, coalition officials said.

Coalition leaders agreed to scrap Hosokawa's original plan to replace the 3 percent consumption tax with a 7 percent "national welfare tax" in April 1997.

Officials said the Hosokawa cabinet will unveil the economic stimulus package Tuesday evening after settling the tax dispute.

The five coalition leaders who resumed the talks were Shinseito co-leader Ichiro Ozawa, SDP Secretary General Wataru Kubo, Komeito Secretary General Yuichi Ichikawa, Democratic Socialist Party Secretary General Takashi Yonezawa, and Hiroyuki Sonoda, who represents an alliance of Hosokawa's Japan New Party and Chief Cabinet Secretary Masayoshi Takemura's Saki-gake (Harbinger).

At an early morning news conference on February 3, Hosokawa announced the 6 trillion yen tax cut retroactive to January 1 and also proposed imposing the 7 percent welfare tax to offset resultant revenue shortfalls. But the plan drew strong criticism from the SDP, which threatened to quit the coalition unless the new tax was dropped.

#### Organization of Package Viewed

OW0802104294 Tokyo KYODO in English 1034 GMT  
8 Feb 94

[Text] Tokyo, Feb. 8 KYODO—Japan launched a new package of stimulus measures Tuesday [8 February],

pouring a record 15.25 trillion yen into the economy in a bid to stem the prolonged recession and show its commitment to reducing the country's huge trade surplus.

The centerpiece of the package, endorsed at an evening special cabinet meeting, is income and other tax cuts worth 5.85 trillion yen decided earlier by the coalition parties after four days of marathon debate on how to cover the resulting revenue shortfall.

Other key elements are 6 trillion yen in additional spending on public works for the current fiscal year through March, 1.2 trillion yen to boost public housing loans, 1.36 trillion yen in measures to help smaller businesses, and deregulations to stimulate the real estate market and facilitate the liquidation of nonperforming bank loans.

With previous four public works-led packages already totaling some 30 trillion yen failing to lift the economy, the government decided for the first time to include tax cuts, hoping to make the package its final and decisive pump-primer.

The tax-led measures also came amid U.S. pressure on Japan for an income tax cut to boost domestic demand as a contribution to reducing its huge trade surplus.

Japan posted a record surplus for the second straight year in 1993 in its politically sensitive current accounts, including goods and services trade. The statistics were released Monday.

Prime Minister Morihiro Hosokawa is no doubt relieved by the agreement after a two-week delay caused by disputes over the now-enacted political reform bills as well as the tax issue.

Hosokawa said at a press meeting he expects "substantial" effects from the tax cuts, "to meet expectations both at home and abroad."

Hosokawa had been urging his ministers to prepare the package, to be followed by a third fiscal 1993 extra budget and the fiscal 1994 budget, in order to have it ready before his meeting with U.S. President Bill Clinton on Friday.

The Finance Ministry is to compile its draft budgets on Thursday, but uncertainty still remains because of the extremely tight schedule, ministry officials said.

An official of the Economic Planning Agency (EPA) which compiled the package told reporters that a large chunk of the new outlays would be funded by the third extra budget, and the tax cuts would be included in the fiscal 1994 budget.

Of the total, 10.2 trillion yen is to boost the economy, he said, estimating that the gross national product (GNP) would expand by a nominal 2.2 percent beyond the fiscal 1992 GNP, the latest available figures, over a one-year period.

But he noted that the effects would not appear all at once in fiscal 1994.

The package is broadly divided into three parts, in line with their expected effects and results in stimulating the economy.

With the first part that includes tax cuts, public works and housing loans, the government is aiming to boost domestic demand to help the economy "overcome the current tough condition" in the short term, the EPA official said.

The second and third parts are intended to put the economy "on a full-fledged recovery phase in fiscal 1994" and to promote "stable growth in and after fiscal 1995" by solving structural problems since the collapse of the "bubble" economy in the late 1980s and by facilitating forward-looking corporate activities.

Under the second part, the package calls for special tax breaks, 2.78 trillion yen advance purchases of public works land sites and other measures to stimulate the real estate market. It also calls for various deregulations in the financial and securities market primarily to help banks liquidate their nonperforming loans.

For the advance land purchases, the government will also earmark 500 billion yen for a quasi-public institute that supports private-sector city developments.

Also included are additional lending and other forms of support for smaller businesses and 10 billion yen for job programs amid increasing labor adjustments.

Farmers will be granted 230 billion yen in public works and through other plans to help them cope with international competition following Japan's decision to free its rice and other agricultural markets under the GATT-sponsored Uruguay Round of multilateral talks.

With the third part, the government is pushing for the easing and lifting of various microeconomic regulations, including those under the Antimonopoly Law.

A loan system worth 10 billion yen is to be offered by the Japan Development Bank and other public financial institutions to assist investment in new businesses.

Import promotion is also spelled out in the third part, with the emphasis on exhibitions and import centers, along with the recently-revealed action plan for government procurement.

Aside from all these government measures, the package also calls for "appropriate and mobile management in monetary policy with a careful watch on domestic and overseas economic trends and the international currency situation."

### 'Gist' of Stimulus Package

OW0802105894 Tokyo KYODO in English 1052 GMT  
8 Feb 94

[Text] Tokyo, Feb. 8 KYODO—Following is the gist of the government's just-unveiled 15.25 trillion yen economic relief package.

- Tax reductions totaling 5.85 trillion yen will be implemented. They include:
  - 3.84 trillion yen cut in income tax
  - 1.63 trillion yen cut in residential tax
  - both cuts are effective only for fiscal 1994.
  - the special corporation surtax, effective since April 1992, will be scrapped.
  - the 4.5 percent consumption tax for autos will be lowered to bring it in line with the 3 percent tax rate imposed on other goods and services.
  - the two measures, to come into effect on April 1, 1994, will bring about 380 billion yen in tax returns.
- Additional public works related outlays worth 7.2 trillion yen are envisaged. They include 1.5 trillion yen for the government's advance purchases of land for public purposes and 1.2 trillion yen loans by the Governmental Housing Loan Corp. to finance purchases of an estimated 70,000 more houses.
- Another 500 billion yen will be set aside for advance land purchases by the organization for promoting urban development, a government-affiliated agency.
- Aid to small enterprises worth 1.36 trillion yen is envisaged.
- 100 billion yen in funds will be allocated to nurture new promising businesses.
- In view of expected damage to Japanese farmers when the rice market opens from 1995, 230 billion yen in emergency aid for growers is planned.
- Another 10 billion yen will be set aside for government aid for companies that are rationalizing labor. The funds are also designed to create job opportunities.
- Further deregulation is to be implemented.

### Hosokawa Holds News Conference

OW0802105394 Tokyo NHK General Television Network in Japanese 0701 GMT 8 Feb 94

[News conference by Prime Minister Morihiro Hosokawa at his official Tokyo residence with unidentified domestic correspondents—live]

[Text] [Dean of press corps] The prime minister's office has asked that we limit this news conference to about 20 minutes. However, I think it could last longer depending on the questions. Mr. Prime Minister, I would like to ask you if that is all right?

[Hosokawa] Yes.

[Dean of press corps] As dean of the press corps, I would first like to ask three questions. Following that the other reporters will have a chance.

[Hosokawa] Before I field any questions may I say something?

[Dean of press corps] Please, go ahead.

[Hosokawa] In response to an agreement reached at a meeting of representatives of the ruling coalition parties this morning, leaders of the government and the ruling coalition parties held a meeting at midday to make a final decision on the tax issue in which people are greatly interested. Before outlining the agreement, I would like to point out that the national welfare tax that I announced, together with our policymaking process, have been publicly criticized and I would like to offer my frank apology to the people for this.

I would like to outline the agreement. The first point is that income tax cuts amounting to 6 trillion yen will be implemented ahead of a tax rise in fiscal year 1994. The second is that a consultative body will be set up within the ruling coalition to discuss tax reform. The consultative body is mandated to discuss how to fashion a vision of a welfare society, how the people should share the burden of a society of senior citizens, and how the current tax system should be reformed. The consultative body is also mandated to discuss ways to cut taxes and secure financial resources to make up for a fiscal shortfall arising from the tax cuts. Relevant laws will be enacted at a Diet session within this year upon agreement among the ruling coalition parties. I have recently proposed a draft of the tax reform on the basis of discussions held by the Government Tax System Research Council since last autumn, and on a series of lively consultations between the government and ruling coalition parties. But a ruling partner has raised an objection to the tax reform draft. In response, I have asked the ruling coalition parties to coordinate their views again and they reached agreement today. With the ruling coalition parties reaching the agreement, a bill on cutting income tax by 6 trillion yen will be introduced to the Diet during its current session. I understand that a clear path has been drawn toward drastic tax system reform. Discussion will be conducted by the consultative body, which will take into account the ideas I have proposed. I intend to work out a draft of the government's plan for reform of the tax system based on a proposal to be drawn up by the ruling coalition parties.

[Dean of the press corps] Mr. Prime Minister, you said a while ago that you apologize to the people. The national welfare tax that you announced has been scrapped. That means your decision has been overturned. Mr. Prime Minister, how are you going to take responsibility for that? I think you are politically responsible for the public criticism. Mr. Prime Minister, would you explain what you have apologized about?

[Hosokawa] I believe the biggest issue is our policy decision process. Of course, people have talked about various aspects of the national welfare tax. Among other things, they have pointed out that the policymaking

process was overly hasty. I have to apologize to the people for creating that impression.

The policymaking process of the ruling coalition parties is one of interparty negotiations and I believe this kind of process has its limitations. As a result, the outcome of interparty discussions are prone to be leaked. I think the process probably creates the impression that the ruling coalition parties are in disarray over policy. As for the importance of my remarks as prime minister, I have always kept that in mind. I believe that I will undergo a process of trial and error in the course of making policy decisions. If there is something I need to correct, I will not hesitate to correct it.

[Dean of the press corps] At one time there existed a situation wherein it was questionable which side would formulate a compromise plan between the government and the ruling coalition parties. Some have pointed out that such a situation was created by the ambiguity of the prime minister's instructions and his lack of leadership. Prime Minister, what do you think of this criticism?

[Hosokawa] Since the tax issue is important, I have asked the ruling coalition parties to engage in full discussions of the issue. My proposal for the national welfare tax was rejected by one of the ruling coalition parties, and the expression scrapping has been used. Nonetheless, I have asked the meeting of the representatives of the ruling coalition parties to again discuss in detail the tax issue, and this morning the ruling coalition parties reached the agreement I mentioned at this news conference.

[Dean of the press corps] Prime minister, you have said the ruling coalition parties will discuss the reform of the current tax system and the securing of financial resources to make up for a fiscal shortfall incurred from future tax cuts. Prime Minister, would you explain through what process the ruling coalition parties will discuss them? Prime Minister, you said you have asked the ruling coalition parties to discuss reforming the current tax system, taking your proposal into account. Prime Minister, some feel your proposal has been scrapped. What do you think of this?

[Hosokawa] The ruling coalition parties will discuss ways to reform the current tax system. As for your question about through what process the ruling coalition parties hold discussions, I do not know. However, they will draw a conclusion within this year on the issue of securing financial resources to make up for the financial shortfalls arising from tax cuts. I hope they will work on drawing a conclusion to the issue at the earliest date.

[Dean of the press corps] Then, please, ask questions.

[Correspondent] My question concerns how the tax cuts will spur the economy. According to an estimate, a salaried household with two children and an annual income of 5 million yen will benefit only about 40,000 yen a year from the tax cuts. A salaried household with two children and an annual income of 8 million yen will

benefit only 160,000 yen a year from the tax cuts. Given these tax benefits, I wonder if the tax cuts will generate the desired effect of stimulating the economy. Prime Minister, what do you think?

[Hosokawa] It is very hard for me to explain the effect of the tax cuts in numerical and quantitative terms. However, we need to put our nation's economy on a path to full-fledged recovery. To that end, we should adopt various policies, and our adoption of those policies has been strongly demanded by foreign nations and our own people. The reductions in the income tax will spur personal spending and investments in equipment and plants, bringing the pervasive effect to the entire economy. My view is that the cuts in the income tax will contribute to a recovery of the economy.

[Correspondent] Prime Minister, you have just expressed your apology and have pointed out that the policy decision process is at issue. Given the last week of political vacuum, I would like to ask you, how do you plan to change the process in the future?

[Hosokawa] My answer may be a repetition of what I have just said. Various discussions held by the coalition government have been made public, and this is a good aspect of it. As I just mentioned a while ago, the ruling coalition parties have given the impression that they delayed in making a final decision prior to making the decision public. They present these two aspects. Now, the ruling coalition parties hold the meeting of their secretaries in charge of the policy affairs, the meeting of secretaries in charge of the tax affairs, and the meeting of their representatives. The government and the ruling coalition parties hold their meetings. Major issues are decided at those meetings. I intend to work to prevent a recurrence of the latest situation in the future. I believe I will have to keep that point in mind.

[Correspondent] What about the issue of who is responsible?

[Hosokawa] As I have said, I think this has proved a very difficult issue. It has not only involved negotiation among the ruling parties on the issue itself, but discussion about what the coalition administration ought to be like. As this is our first, fully fledged coalition administration and it is still new, I would hope people will understand that we are bound to have some trial and error. The ruling coalition parties will work to prevent a recurrence of such a situation, and they will concede to each other when they need to do so. I intend to work hard to keep the coalition government functioning smoothly.

[Correspondent] You made similar remarks when you met reporters on Friday. But I am sure you did not offer such an apology at that time. Have you changed your mind over the past few days in now making an apology?

[Hosokawa] Of course I had such feelings when I met reporters a few days ago, but the issue was not resolved at the time. I intended to express my views concerning

the current confusion when the issue was resolved and the prospects for the tax issue were clearer.

[Correspondent] Do you still believe the idea of introducing a national welfare tax is right?

[Hosokawa] Since last fall, from about 3 September when I attended a meeting of the Tax Commission, I have expressed my views about how the taxation system should be changed to reflect the fact that society will have to deal with increasing numbers of senior citizens. There is also the issue of how tax cuts should be implemented to deal with the current economic recession. The Tax Commission discussed these issues for more than two months to try to seek a way to satisfy these two factors. After that, discussion has been held at policymaking meetings of secretaries general of the ruling coalition parties, meetings of their economic consultative body, and meetings of representatives of the coalition. I have repeatedly stated my views at Diet sessions since last September. I also asked the Tax Commission to discuss the tax issue in line with my view that unless a well-balanced taxation system of income, consumption, and property taxes is established, Japan cannot prepare for the future aging of society. This basic view has not changed.

[Correspondent] Do you mean that you want the ruling coalition parties to discuss the tax issue based on the idea, which you recently announced, of introducing a 7 percent tax in three years?

[Hosokawa] No, I do not. I hope that the consultative body of the ruling coalition will hold discussions in the future based on my basic view. At present, though, I am not sticking to the tax rate or anything.

[Correspondent] I repeat a question about the national welfare tax. The proposal to introduce the national welfare tax has been killed. Do you refuse to withdraw or give up your proposal, and do you intend to maintain the need for a national welfare tax in the future?

[Hosokawa] No, I do not. I announced earlier that the proposal was politically frozen. After it was frozen, a new decision was made at a meeting of representatives of the ruling coalition. As I stated earlier, I think that they will probably discuss the tax issue while keeping my view in mind.

[Correspondent] Prime Minister, you are holding this news conference to apologize to the people for what you have done. Prime Minister, you have said that it is inevitable for the coalition government to undergo a process of trial and error, while repeatedly saying you are aware of your political responsibility. I wonder if you are really reflecting on what you have done? This is my frank feeling. Prime Minister, you called a news conference to explicitly say to the people that you plan to adopt the national welfare tax. The people see the reversal of your plan to adopt the tax system as inconceivable. This is what the people frankly feel. At this news conference, I

wonder if you feel political responsibility. What do you think of your political responsibility?

[Hosokawa] I think your question is very tough and forthright. As Japan moves toward a society of senior citizens, Japanese should share their due burden for society. I have said as much to that effect at the Diet. I also made that statement when I announced the government's vision of a welfare society. I have consistently thought of measures to be taken for a society of senior citizens. Certainly, though, I will not deny that the national welfare tax was announced in a sudden and hasty manner. I am tasked with tentatively deciding on the fiscal 1994 budget and compiling the third supplementary budget. I also have to announce the government's fiscal measures for local governments. And I have to prepare for Japan-U.S. summit talks. I made a decision on the national welfare tax under very difficult circumstances. I do not deny I was hasty in making the decision. I frankly apologize for my haste. I hope the people will understand such circumstances.

[Correspondent] Prime Minister, you have repeatedly said that the process is what is at issue. What is at issue is not the process. Prime Minister, what you announced to the people has been reversed, and I think that as the top official in charge of our nation, you are responsible for that reversal. Prime Minister, my feeling is you cannot be released from responsibility by simply saying the process is at issue. Prime Minister, do you not share my feelings?

[Hosokawa] I have said I will constantly keep the weight of my remarks as prime minister in mind. Although I am sorry for repeating my statement, my coalition government is the first full-fledged coalition government Japan has had. There have been various discussions. I announced the national welfare tax not as the coalition government's proposal, but as my own proposal. My proposal has not been accepted by the ruling coalition parties and I would like to offer my frank apology on that point. I intend to resolve the tax issue on the basis of the agreement reached among the ruling coalition parties.

[Correspondent] As the Japan-U.S. summit meeting is to be held on 11 February, do you think the United States will rate the tax cut plan highly even though the legislation on the 6-trillion-yen tax cut will be effective for only one year?

[Hosokawa] I think the United States will rate the tax cut plan highly.

[Correspondent] It seems from what has been said so far that you admit the previous decisionmaking process was faulty, but feel this was an issue which required the approval of the ruling coalition parties. Contradicting what you have said since you referred the tax issue to the Tax Commission, you eventually came up with the idea of the national welfare tax. As we look at the problem, it seems questionable whether thorough discussion has actually ever been held among the ruling coalition parties, considering the course of events that lead to your

making such an announcement. For example, even Chief Cabinet Secretary Masayoshi Takemura, who happens to be here, said he was unaware of your decision until the last minute. Do you intend to change this manner of decisionmaking? This is the first question, and here is another. It has been revealed the tax cuts will be not be permanent. I feel the truth is that the real problem has been shelved because the legislation is effective for only one year. Anyhow, as there will be a 6-trillion-yen revenue shortfall due to the planned tax cut, you say that necessary steps will be taken to secure a definite source of revenue to make up such shortfalls and that a drastic reform of the tax system will be implemented by the year-end. Are we to understand that you intend to sincerely stake your political future on carrying this out by the year-end to fulfill your responsibility to the people?

[Hosokawa] I shall answer the latter question first. The government and the ruling coalition parties will make concerted efforts to reform the current tax system. I believe the passage of tax system reform legislation, within the period I have promised to the public, is the fulfillment of my most important political responsibility. As for what I think of the decisionmaking process, I must frankly admit that this is a rather difficult matter. Even yesterday, as a result of the situation, I held discussions on the tax issue with the chief cabinet minister and others. Getting down to business, we asked each other what steps could be taken. In form, there are various forums, such as a meeting of secretaries general on policy affairs. However, we have here five secretaries general. This is different from the situation in which a single party is in power. Then there is only one secretary general, one general council chairman, and one policy research council chairman. In our case, there are five policy research council chairmen, five general council chairmen, and five secretaries general. Matters must be cleared at these various levels. I am amazed by the difficulties we face. Frankly speaking, I realize we must correct these problems as much as possible.

[Correspondent] You mentioned the term political responsibility. I would like to confirm that this means you intend to resign from your post as prime minister?

[Hosokawa] No, I did not say that. I said that for the government and ruling coalition parties to try to their utmost to fulfill their roles constitutes fulfillment of political responsibility.

[Correspondent] Is this what you refer to as the prime minister's responsibility?

[Hosokawa] As I have just said, it is nothing more than that. I believe that to put all our efforts into this and get tax measures implemented would satisfy the expectations of the people.

[Correspondent] The Social Democratic Party of Japan [SDPJ] has taken quite a hard-line stance on the tax issue, even threatening to break away from the coalition government. As the breakaway failed to materialize this

time, does it mean that in the future no party within the coalition will ever take steps toward this end?

[Hosokawa] I do not know about that. We cannot tell what kind of problems may arise in the future, nor what kind of approach each party will take on the various problems. In each case, parties will have to make self-sacrifices. I believe the ruling coalition parties will make every effort to hold themselves together in the future. It is my earnest desire that we all try to do this.

[Correspondent] Prime Minister, ever since your inauguration you have advocated consumer-oriented policies and politics geared toward the people. However, this time we have the impression you have been turning your attention to Nagata-cho [a district in Tokyo where the Diet building is located] and Kasumigaseki [a district in Tokyo where government ministries and agencies are located]. Does this not run contrary to your principles?

[Hosokawa] I feel taxes are certainly an issue that draws strong public interest. However, as I have repeatedly said, I question whether it is correct to maintain a tax system which deprives people of their desire to work while in the prime of their lives. In order to construct an aging society which is full of vitality, I think everyone of us needs to share necessary burdens. Otherwise society as such will cease to exist in the future. In this regard, we have to say things which people do not want to hear, though of course it is true that sovereignty resides with the people. We must all have a common understanding and determination to construct a new society. I believe politicians should say this to the people in a straightforward manner.

[Correspondent] Do you not think that a willingness to discuss this with the people is important?

[Hosokawa] That is correct.

[Correspondent] Do you not think that the people disapproved of your unilateral announcement, and that the manner in which you made the announcement was the issue of debate?

[Hosokawa] Regarding that point, as I have said before, I feel a thorough discussion has not been held. However, the tax commission is an organization which consists of experts representing the people. I asked the tax commission in early September—3 September—to study how to establish a tax system that is well-balanced regarding consumer capital and income. Moreover, I had parties hold discussions on the issue within their respective intraparty organizations. Therefore, I feel a certain amount of time has been spent on studying the issue. However, I also agree that more time should be spent on it.

[Correspondent] Looking back at recent movements, we get the impression that the Ministry of Finance holds strong power within the government. You have launched various reform plans, and now it seems you will have to

start changing the ministries and agencies. We are uncertain about your reform plans.

[Hosokawa] I often hear that. However, it is not correct. Needless to say, the financial authorities have their own ideas. But even during the recent events, the financial authorities have hardly had a chance to talk to me directly, except yesterday or the day before when I asked the minister of finance and other financial authorities to come to the official residence. I instructed them to listen to the opinions of the coalition parties and cooperate with them in ironing out our differences. The Ministry of Finance did not insist on their demands or try to steamroll us. In a sense, it is natural for them to say no to what they cannot accept; their stance is natural. Otherwise they cannot fulfill their responsibilities as financial authorities. I think the important thing is for politicians to take the lead or give guidance to the financial authorities, while also giving consideration to their opinions.

[Correspondent] You have mentioned several times the government's Tax System Research Council as an example that you have spent enough time on discussions. But the Tax System Research Council is a government organization, and its members were not elected by the people. When it came to tax issues while it was in power, the Liberal Democratic Party [LDP] spent forever on discussions with the party. To the bureaucrats, it might have appeared a very inefficient process of flattering and pacifying the voters by merely listening to their complaints. However, this time the process of discussion was reported by the media, so the people were able to pinpoint the problems. They were able to think along with the politicians. Prime Minister, do you think the LDP's endless discussions within the party were inefficient?

[Hosokawa] Well, I do not know. As I said earlier, the coalition administration is still in the stage of trial and error, and is trying to find an ideal way of carrying out discussions not only on the tax issue but also on other matters as well. I also said there may be many points which we need to continue to improve. The Policy Board is studying the tax system. We are also talking about the possibility of forming an organ which is similar to the LDP's Tax System Research Council. We will try to form such an organ after reaching a consensus among the coalition parties.

Any more questions?

[Dean of Press Corps] Do you have any more questions?

#### Measures To Liquidate Bad Loans

OW0802125494 Tokyo KYODO in English 1237 GMT  
8 Feb 94

[Text] Tokyo, Feb. 8 KYODO—The Finance Ministry [MOF] on Tuesday [8 February] released a set of measures to help financial institutions dispose of bad loans as part of the government's new pump-priming package.

The administrative guideline attached to the new 15.25 trillion yen stimulus package focuses on liquidation of the so-called "restructured loans," or loans for which banks have reduced or suspended interest payments as part of a bailout program for financially troubled borrowers.

The ministry said it will allow banks to set up a special entity to shift their restructured loans to nonbank money lenders such as housing loan companies.

The ministry also said it will expand the scope of a special write-off reserve account to include loans that have a risk of default.

These steps are designed to rebuild public confidence in Japan's financial system which was substantially eroded following the bursting of the speculation-driven "bubble economy" of the late 1980s.

The latest package is expected to maximize the effects of measures envisioned in an administrative guideline for the financial industry unveiled in August 1992, a ministry official told a press conference.

The amount of restructured loans held by Japan's 21 major banks is estimated to far exceed some 14 trillion yen in nonperforming loans they reported at the end of last September, which has weighed heavily on their earnings.

Banks are not required to disclose the size of restructured loans but are required to do so on loans to bankrupt borrowers, nonperforming loans or those with interest payments in arrears for six months or longer.

Currently, loans recognized by the Finance Ministry as bad assets can be provided for in the special reserve account, in which half the outstanding claims are free of tax. Ministry recognition requires that loans be unrecoverable, such as those to bankrupt borrowers.

Under the new step, banks will be allowed to use their own judgment to write off risky loans on a taxable basis, the ministry said.

The aim of the company tasked with liquidating restructured loans is to help avoid sales of such loans to third parties, which hamper smooth rescue of the troubled nonbank, the official said.

A creditor bank sells to a new entity its loan principal to a nonbank at discounted prices that reflect market prices. The bank then uses the proceeds to set up the entity.

The mechanism improves the bank's financial standing by producing a tax-free loss equal to the gap between the principal and the selling price.

The guideline calls for stable fund supply by financial institutions.

Specifically, it says banks should adopt an accommodative lending stance for small companies to meet their fund needs in new business areas.

In order to promote bank lending, the package also recommends that banks boost their capital base through issuance of preferred stocks and subordinated bonds.

The guideline says the Finance Ministry, in order to ensure stable housing and land supply, will ease restrictions on real estate-related lending.

It says the ministry will continue to ask financial institutions to refrain from resorting to the sale of stockholdings to generate profits ahead of book closing.

It encourages banks to step up use of Cooperative Credit Purchasing Co., a debt-buying entity set up in January 1993, as a way to smooth disposal of their nonperforming loans.

Finance Minister Hirohisa Fujii, in a press conference, said he hopes these measures will wipe out public concern over the eroded financial system, particularly the huge amount of nonperforming loans squeezing it.

#### Kono Voices Doubt Over Plan

OW0802132894 Tokyo KYODO in English 1301 GMT  
8 Feb 94

[Text] Tokyo, Feb. 8 KYODO—Yohei Kono, president of the main opposition Liberal Democratic Party (LDP), voiced doubts over an agreement by seven governing parties Tuesday [8 February] to implement a 6 trillion yen tax cut as a pump-priming measure ahead of finding offsetting revenue sources.

In a lecture at the party's headquarters, Kono said, "(the agreement) is a product of compromise. I don't know whether this will have an effective impact on Japan's prolonged business slump."

Kono said his doubts about the effectiveness of the tax cut have been spurred by the row he has seen among the coalition partners over the past few days on how to finance the tax cut.

Following the agreement, Prime Minister Morihiro Hosokawa told a press conference the government will carry out the 6 trillion tax cut for 1994.

The accord calls for enacting by the end of this year a new tax law that will include a clause specifying how the revenue to pay for the 6 trillion yen cut is to be raised.

Meanwhile, LDP Diet Affairs Committee Chairman Sadatoshi Ozato said that while the LDP supports the tax reduction itself, the amount is insufficient for pump-priming.

Ozato also said it is unclear who will foot the bill for the tax cut because the ruling parties held over the decision on how it will be funded.

Ozato said he cannot believe such a bill will be enacted by the end of the year, judging from what he called the weak performance of the administration led by Hosokawa.

### Kubota: Package Raises Hopes

OW0802124594 Tokyo KYODO in English 1233 GMT  
8 Feb 94

[Text] Tokyo, Feb. 8 KYODO—Economic Planning Agency chief Manae Kubota welcomed the government's decision Tuesday [8 February] to adopt a 15.25 trillion yen economic relief package, saying it raises hopes for a genuine economic recovery. Referring to the decision-making process as a "difficult delivery," Kubota said she was pleased the plan contains the biggest-ever income tax reduction.

"I believe we can fully hope for the economy to show a genuine recovery from now on," she said.

Kubota pointed out the record size of the package, which is seen raising the gross national product by a nominal 2.2 percent annually. "I feel we have done everything we can," she said.

### Fujii Expects 'Stable Growth'

OW0802121694 Tokyo KYODO in English 1207 GMT  
8 Feb 94

[Text] Tokyo, Feb. 8 KYODO—Finance Minister Hirohisa Fujii on Tuesday [8 February] evening voiced confidence that the 15.25 trillion stimulus package announced the same day will help the Japanese economy shift to a stable growth track in fiscal 1995.

The largest-ever package reflects "the best possible effort" by the government to turn around the long-ailing economy, Fujii told a press conference.

Fujii said he can say "with confidence" that the package will have "great effects" in achieving a full-fledged economic recovery in fiscal 1994 and sustainable growth in the following year.

A combined tax cut of 5.85 trillion yen envisioned in the package is likely to spur personal spending, Fujii said.

The Japanese economy is showing "steady" signs of recovery, Fujii said, citing strong housing-related spending and brisk investment in public projects.

The latest measures are likely to give further boost to the recovery, he said.

Fujii said the package contains an administrative guideline for the banking industry to solve the problem of bad loans which is affecting many banks following the collapse of the "bubble" economy.

The guideline is intended to reinforce a set of measures contained in a preceding guideline which was adopted by the Finance Ministry in August 1992, Fujii said.

The latest economic package, which is expected to bolster not only the Japanese economy but the global economy, will probably be highly rated by the United States during the coming Japan-U.S. summit, Fujii said.

He said his ministry has yet to decide on the scale of a third supplementary budget to finance the package but it may be agreed Thursday.

### Finance Ministry's Budget Draft Plans Noted

OW0802145594 Tokyo KYODO in English 1446 GMT  
8 Feb 94

[Text] Tokyo, Feb. 8 KYODO—The Finance Ministry will notify other government ministries and agencies Thursday [10 February] afternoon of its austere fiscal 1994 budget proposal after getting government approval at an extraordinary cabinet session, ministry sources said Tuesday.

The general account budget for the year beginning April 1 will be around 74 trillion yen, 2.5 percent higher than the initial budget for fiscal 1993.

In order to finance the 5.85 trillion yen cut in income and residential taxes decided by the coalition government Tuesday, the Finance Ministry will issue deficit-financing bonds for the first time in five years.

General operating expenditures will grow by only a modest 2 percent to around 40.6 trillion to 40.7 trillion yen.

With the emphasis on reviving the sluggish economy, the budget is likely to almost fully provide for the ministries' requests concerning public works projects, rising 4.3 percent to around 8.5 trillion yen.

Defense outlays are expected to grow less than 1 percent amid the global trend toward cutting down on defense spending.

Official development assistance will likely increase around 4 percent to the 1 trillion yen scale, roughly unchanged from the original budget for fiscal 1993.

Tax grants to local governments are expected to be around 15.5 trillion yen, lower than the amount in the current fiscal year.

Approximately 2 trillion yen from the Finance Ministry's Trust Fund Bureau will be transferred to make up for the shortfall, informed sources predict.

The budget for servicing outstanding government bonds will shrink by 300-400 billion yen to about 15 trillion yen, as low interest rates will reduce the payments of bond interest.

Tax revenues are expected to total around 58 trillion yen, down 4.4 trillion yen from the current year because of the implementation of tax reductions.

To compensate for the shrinkage, the Finance Ministry is planning to earmark approximately 3 trillion yen in nontax receipts such as those from the Bank of Japan.

If that measure fails to make up for the revenue shortfall, the ministry will resort to issuing deficit-financing bonds or construction bonds for long-term public investments, the sources said.

The Japan Development Bank said it will inaugurate a financing system to help companies invest in new business areas to be created through deregulation.

The government-financed bank said the new system will be available for local beer brewers, electric appliance recycling enterprises, construction of discount goods distribution facilities, and enterprises to promote sales of portable telephone and international satellite television program receivers.

The bank said it will provide about 40 percent of investment costs at an annual interest rate of 3.65 percent.

The bank is expected to receive applications for loans totaling about 100 billion yen, it said.

**Tokyo Plans To Expand Scope of Deregulation**  
*OW0802095094 Tokyo KYODO in English 0937 GMT  
8 Feb 94*

[Text] Tokyo, Feb. 8 KYODO—The government of Prime Minister Morihiro Hosokawa on Tuesday [8 February] adopted the outline of a medium-term administrative reform program, including deregulation in 1,591 areas over the next five years, government officials said.

The officials said the decision was reached at the inaugural session of an administrative reform promotion group presided over by Hosokawa.

They said the program, based on the goal of total removal of regulations, calls for abolishing controls in 866 areas and easing them in 725 categories.

A total of 160 areas was added to the scope of deregulation announced by the government last December, they said.

To implement the deregulation, about 60 existing laws have to be revised, and the government will submit a host of law-revising bills to the current session of the Diet for approval, they said.

The officials said the people will be informed of the progress of deregulation through a white paper to be released by the government.

The deregulation includes an easing of automobile inspection requirements and paves the way for small-scale brewers to produce local brand beer, the officials said.

**Hosokawa's Upcoming Visit to U.S. Previewed**  
*OW0802121094 Tokyo KYODO in English 1202 GMT  
8 Feb 94*

[Text] Tokyo, Feb. 8 KYODO—Prime Minister Morihiro Hosokawa departs for Washington on Thursday [10 February] for summit talks with U.S. President Bill Clinton, taking with him details of a fresh economic stimulus package expected to boost Japanese imports.

Foreign Ministry officials said the summit, which will be the third meeting between the two reform-minded leaders, will also focus on reviewing the progress of bilateral trade talks and coordinating foreign policy objectives.

The officials said Hosokawa and Clinton will begin their talks Friday morning at the oval office in a small group session, including Japanese Foreign Minister Tsutomu Hata and U.S. Vice President Al Gore.

The two leaders will then have an expanded session of talks and a working luncheon, followed by a joint press conference at the White House.

Hosokawa is expected to brief Clinton on Japan's record-high 15.25 trillion yen economic stimulus package aimed at spurring economic recovery, as well as the country's fiscal 1994 budget and third supplementary fiscal 1993 budget.

The summit represents the first of four top-level biannual reviews of the current series of bilateral trade talks, which began last year between deputies of the two leaders on the basis of a "framework accord" worked out during Clinton's trip to Tokyo in July.

Under the accord, the two sides agreed to negotiate measures to bring about a "significant increase" of imports into Japan.

But the talks have stalled over how to interpret, in terms of specific measures, the "objective criteria" referred to in the framework accord for determining the extent to which foreign firms are making inroads into Japan.

"We agreed to measure, using objective criteria, either numerical or qualitative, achievement in implementation of measures introduced," said a Foreign Ministry official. "That is what we are doing and the extent to which we can go."

"But what the U.S. Government is seeking right now is a little bit beyond what we agreed upon," the official said, stressing that Japan never agreed to set "numerical targets" for imports.

Officials said Hosokawa will update Clinton on the various political, administrative and economic reforms he has been pursuing domestically, considering their global significance.

Hosokawa will also speak about the "renewed role to be played (by Japan) in international society" including its increasing participation in U.N. peace restoration efforts, they said.

Meanwhile, he will stress the importance of a "global partnership" between Japan and the U.S. as two nations that are allies, leaders of the world economy, neighbors in the Asia-Pacific region and members of the Group of Seven (G-7) major industrialized nations, they said.

The officials said Hosokawa and Clinton may exchange views on the situations in Bosnia-Herzegovina, where allied countries may soon carry out air strikes to break the siege of Sarajevo, as well as North Korea, which faces possible economic sanctions if it refuses to open its controversial nuclear facilities for international inspections.

The U.S. decision on whether to renew most-favored-nation (MFN) trading status for China and its recent decision to lift its trade embargo on Vietnam will also likely find their way onto the agenda, according to the officials, who also mentioned the possible topic of policy coordination on Iran.

After the summit talks, officials said Hosokawa will deliver "a rather major policy speech" later the same day at Georgetown University, followed by a question-and-answer session with students.

On Saturday, Hosokawa will hold a solo press conference and visit Arlington National Cemetery for a wreath-laying ceremony at the Tomb of the Unknown Soldier. An official said he may also pay his respects at the gravesite of the late President John Kennedy, for whom he has "some personal attachment."

Hosokawa will leave Washington later Saturday after an observation tour at the Children's National Medical Center, arriving back in Tokyo on Sunday.

#### Government Sells California Rice to Wholesalers

OW0802055394 Tokyo KYODO in English 0541 GMT  
8 Feb 94

[Text] Tokyo, Feb. 8 KYODO—The Japanese Government began selling Californian rice to wholesalers Tuesday [8 February] at prices some 16 percent lower than the price of domestic rice.

Sales of rice from Thailand and China are slated to begin next Tuesday, with authorities planning to sell a total of 50,000 tons of the imported grain this month.

Japanese consumers should be able to find imported rice on the shop shelves for the first time in late February.

According to the Food Agency, unblended Californian rice will be sold to wholesalers for about 17,000 yen per 60-kilogram sack, or 16 percent cheaper than the standard price for domestic varieties.

Japan's domestic rice prices, however, are far higher than world market prices. For example, the U.S.-grown Koshihikari top-grade rice was retailing in the United States for 1.93 dollars (208 yen at current exchange rates) per kilogram last year, while the equivalent in Japan was being sold at 650 yen a kilogram.

The imported grain is likely to be initially sold in test-size two-kilogram and five-kilogram bags.

When supplies of Japanese-grown rice become tight in March, imported rice and blends of domestic and foreign grain are expected to dominate rice sales.

Japan opted to import rice as an emergency measure after a poor harvest last year left the nation with a major shortfall of its main staple.

In December, Japan agreed at global trade talks to partially open its rice market, breaking a long-standing policy of barring most imports.

#### Coalition Approves AWACS, Missile Purchase

OW0802135294 Tokyo KYODO in English 1344 GMT  
8 Feb 94

[Text] Tokyo, Feb. 8 KYODO—The coalition parties agreed Tuesday [8 February] to appropriate funds in the 1994 draft budget to buy Patriot surface-to-air missiles and two more Airborne Warning and Control System (AWACS) electronic surveillance planes, informed sources said.

A policy reversal by the Social Democratic Party (SDP) [of Japan—SDPJ] made the decision possible and the sources said the items are now likely to be included in the draft budget for fiscal 1994 starting in April.

The Finance Ministry is scheduled to announce the 1994 draft budget plan Thursday.

The Defense Agency has pushed for four AWACS planes to boost its information gathering capability and has already concluded contracts to obtain two from the United States in its 1993 budget.

The AWACS is a surveillance system which uses aircraft with radar and sophisticated communications equipment to detect airborne and seaborne targets and control weapons systems attacking such targets.

A single AWACS plane costs 55.4 billion yen but since the 1994 appropriation is for 550 million yen, the remaining sum will be covered by subsequent budgets.

The Patriot missiles, which will cost a total of 35.2 billion yen, will boost Japan's capacity to oppose an airborne or missile attack. The 1994 budget allocates 140 million yen for their purchase.

The SDP, which espouses a policy of disarmament, had strongly opposed the purchase of the AWACS.

But since the majority of the coalition favors their purchase, the sources said the party's leaders have expressed a desire not to further destabilize the coalition at a time when it is trying to survive a threat to its existence caused by disagreement over a proposed tax reform package.

The sources said the SDP has decided instead to push for a reduction in the rate of increase in the defense budget compared with the previous year's rate.

The SDP has also released a statement in which it said it will consider the issue of the AWACS and missiles within the context of a revision of the overall defense plan.

The decision is consistent with the previous Liberal Democratic Party (LDP) government's defense policy, which included the purchase of two AWACS planes in the budget for the 1993 fiscal year as part of the midterm defense buildup program.

Despite a cabinet decision in December to approve a cut of 580 billion yen in the 1991-95 defense buildup program, the then-LDP cabinet allowed the agency to proceed with its original plan to purchase the AWACS system.

The midterm defense buildup program, with a total expenditure of 22.75 trillion yen, includes provisions for the purchase of four AWACS planes.

#### NATO-Style Asian Collective Security Urged

OW0802130194 Tokyo KYODO in English 1248 GMT  
8 Feb 94

[Text] Tokyo, Feb. 8 KYODO—Komeito Secretary General Yuichi Ichikawa said Tuesday [8 February] Asian nations should establish a system of collective security with the United States as its center, similar to the North Atlantic Treaty Organization (NATO).

Ichikawa expressed the views at a press conference when commenting on Japan's existing security system in relation to Japan's plan to purchase the U.S.-made Airborne Warning and Control System (AWACS).

"In Asia, too, I think it would be better to establish an axis of collective security equivalent to NATO," Ichikawa said.

This is the first reference by Ichikawa to collective security, an issue contravening the constitution which renounces Japan's use of military force as a means of settling international disputes.

Ichikawa is known for his close relations with Shinseito co-leader Ichiro Ozawa, one of the main strategists of the coalition government of Prime Minister Morihiro Hosokawa. Ozawa also advocates a cooperative security system in Asia.

Komeito, which is a member of the coalition government along with six other parties, has recently stepped

up criticism of Japan's military policy as having a tendency to enjoy peace while refusing to help conflict-ridden countries.

In 1992, Komeito joined hands with the then-ruling Liberal Democratic Party (LDP) in enacting a Peacekeeping Cooperation Law that enabled the Self-Defense Forces to be sent overseas for the first time since the end of World War II on U.N. peacekeeping missions.

"Considering the international situation following the end of the Cold War, we should discuss at this juncture how far it is possible to defend one country alone," Ichikawa said.

Noting that NATO works as an military axis in Europe, Ichikawa said, "Asia has the Asia-Pacific Economic Cooperation (APEC) in the field of economy but it does not have a single axis in the security field."

He proposed creation of a collective security system in Asia by integrating APEC and the six-member Association of Southeast Asian Nations (ASEAN) as its nucleus and asking the U.S. to join in as well.

#### North Korea

**U.S. Moves 'To Beef Up' Forces in Japan Cited**  
SK0802103894 Pyongyang KCNA in English 1032  
GMT 8 Feb 94

[("Ill-Boding Moves"—KCNA headline]

[Text] Pyongyang, February 8 (KCNA)—The military moves of the United States against the Democratic People's Republic of Korea have assumed greater intensity on and around the Korean peninsula.

Commenting on this, NODONG SINMUN today notes the United States recently deployed new-type F-16 fighter-bombers on a new combat mission at U.S. military bases in Japan and is now scheming to bring Patriot missiles and other sophisticated military hardware into South Korea.

The analyst says:

The hardline conservatives are crying that "the United States cannot avoid a showdown with North Korea."

This is a grave military provocation against the DPRK and shows that the U.S. policy of overpowering the DPRK with strength remains unchanged.

The U.S. moves to beef up its forces in Japan are part of the "strategy of forward deployment" aimed at hurling its huge forces into the Korean peninsula without difficulties in "the event of contingency".

On the other hand, the United States is planning to stage the "Team Spirit" joint military exercises against the DPRK under another name or in another place, if necessary, breaking its promise to refrain from using

nuclear weapons and any other armed force and threatening the DPRK with them.

It is also intensifying ideological offensive in a bid to disintegrate the DPRK from within. The U.S. plan to set up "Radio Free Asia" is part of such moves. The United States employs smiling diplomacy at the negotiating table, as if it were interested in peace, and tries hard to isolate and stifle its dialogue partner behind the scene. This is really the height of duplicity and impudence.

The United States must know well of the opposite side.

#### Foreign Press Condemns U.S. 'False Propaganda'

SK0702104594 Pyongyang KCNA in English 1025  
GMT 7 Feb 94

[Text] Pyongyang, February 7 (KCNA)—Nepalese and Yemeni papers carried articles refuting the false propaganda of the United States on the DPRK's "nuclear issue".

The Nepalese paper DRISTI February 2 noted the United States has been keeping its forces and nuclear weapons in South Korea, always bringing the military importance into relief.

The "nuclear issue" of the DPRK is, in fact, a lie and its settlement can be found only through dialogue and talks, the paper said.

The Yemeni paper AL-RA'Y AL-'AM said the nuclear capability of the Democratic People's Republic of Korea poses really no threat. The big threat to that country is actually the U.S. nuclear weapons deployed in South Korea, it added.

#### South Government Asked To 'Act With Discretion'

SK0802044294 Pyongyang KCNA in English 0421  
GMT 3 Feb 94

[Text] Pyongyang, February 8 (KCNA)—The South Korean puppet foreign minister, Han Sung-chu, at "a meeting of heads of embassies and legations abroad" on February 5 charged the North again with the non-existent "nuclear problem" and cried for "a stern measure" against the North, according to a radio report from Seoul.

His bellicose remarks were a dangerous provocation bringing the situation of the Korean peninsula to the brink of war.

When the process of a peaceful solution to the nuclear issue on the Korean peninsula has been driven to a fatally blind alley by the U.S. perfidious act, the South Korean puppet clique is showing feverish activities to bar the third-stage talks between the DPRK and the United States and touch off a nuclear war in league with outside forces.

Han Sung-chu also paid a lip-service to "dialogue." But this was nothing but a sophism for covering up the anti-national, anti-peace and anti-reunification criminal acts of the puppet clique which is driving the situation of the peninsula to the brink of war.

Crying for "dialogue" while brandishing the sword is virtually an insult to dialogue and its total negation.

The South Korean puppet clique is trying to isolate and stifle the Democratic People's Republic of Korea with the help of outside forces, clean indifferent to North-South dialogue. This invariable intention of the puppets was made clearer when Han Sung-chu stated that to take "a stern measure" was their "consistent position."

The South Korean rulers must clearly look at the will and resolution of our people and act with discretion. Their reckless new war provocation moves will bring them to destruction.

The puppet clique must unconditionally renounce the anachronistic moves of North-South confrontation.

#### South Assailed for Remarks on 'Combat Preparedness'

SK0802050994 Pyongyang KCNA in English 0433  
GMT 8 Feb 94

[“Rash War Confab”—KCNA headline]

[Text] Pyongyang, February 8 (KCNA)—The South Korean military brigands recently held "a meeting of leading commanding officers" of the puppet Marines and cried for the maintenance of "top-level combat preparedness for an event of contingency," according to a radio report monitored here from Seoul.

This ill-boding war confab set us on our guard because it took place at a time when the U.S. hardline conservative forces and war-thirsty elements in the military were letting loose war blasts without hesitation, shouting themselves hoarse that "a strict reaction must be shown to North Korea" and "the United States must make a showdown with North Korea with arms."

Facts prove that the South Korean puppet clique is a group of bellicose elements who are bent on lighting the fuze of war to exterminate the nation, not wanting to fundamentally resolve the nuclear issue on the Korean peninsula.

However, it is a foolish dream for the South Korean war maniacs to overpower our republic by military force.

If the South Korean puppet clique recklessly start a war at the instigation of the outside forces, our people and the heroic People's Army will mete out severe punishment to them.

**Daily Urges Kim Yong-sam Regime To Step Down**

*SK0802050194 Pyongyang KCNA in English 0425  
GMT 8 Feb 94*

[“Sword-brandishing of Fascist Clique”—KCNA headline]

[Text] Pyongyang, February 8 (KCNA)—The Kim Yong-sam puppet clique is kicking up rows of search and roundup in all parts of South Korea allegedly for “ferreting out leading elements” after bruising and arresting many demonstrators who fought against agricultural market opening.

Saying that this suppression fully reveals the shamelessness of the Kim Yong-sam group of traitors and its fascist nature more truculent than the preceding military fascist groups, an analyst of NODONG SINMUN today says:

This time, the South Korean farmers and public figures held a peasants’ rally and a daring demonstration. They were an entirely just struggle to defend the sovereignty of the nation and the vital interests of the South Korean farmers. They could not be a target of suppression at all.

If there is one blamable, he is none other than the traitor Kim Yong-sam who threw away his “promise” to “defend” the rice market by staking his “presidency” and sold off the South Korean rice market to the U.S. masters for “an international cooperation system” intended to do harm to the fellow countrymen in the North.

However, the Kim Yong-sam puppet clique, the very criminal, is brandishing the sword, incriminating the demonstrators who are out to defend the interests of the nation. It is a group of traitors without parallel in history and a gang of ignorant fascist hooligans.

The Kim Yong-sam puppet clique must step down, discontinuing the foolish gamble to bridge over the “government” crisis and prolong its remaining days at the point of the fascist bayonet.

**Student Committee Urges Overthrow of Kim Yong-sam**

*SK0702052994 Pyongyang KCNA in English 0506  
GMT 7 Feb 94*

[“Traitor Kim Yong-sam Must Step Down: KSC”—KCNA headline]

[Text] Pyongyang, February 7 (KCNA)—The Korean Student Committee [KSC] in a statement February 6 branded the savage crackdown upon the struggle of South Korean students and farmers for protecting the rice market as a dastardly and inhuman crime which can be committed only by such despicable traitors and political prostitutes as the Kim Yong-sam group.

The statement said:

The traitor Kim Yong-sam, a political charlatan and impostor, had once promised that he would “protect” the rice market by staking his “presidency”. But, throwing away this promise like a pair of old shoes, he sold off the agricultural market vital to the South Korean peasants and people to the U.S. masters and is ruthlessly suppressing the struggle of students and farmers to defend it. What can be expected from such a renegade of democracy and traitor to the nation?

The present reality shows that, with the Kim Yong-sam puppet clique left in power, the desire of the South Korean people and students for independence, democracy and reunification cannot be realised and their existence itself will be jeopardized.

The traitor Kim Yong-sam should step down before he meets a miserable end, not forgetting what doom his predecessors met while brandishing the bayonet at the people.

The statement called upon the South Korean students, peasants and other people to hold the flag of the patriotic struggle as high as ever to overthrow the Kim Yong-sam puppet clique, guard the agricultural market and defend the dignity and interests of the nation.

**VNS Cited on Hanminjon Denouncing Kim Yong-sam**

*SK0602093594 Pyongyang KCNA in English 0819  
GMT 6 Feb 94*

[Text] Pyongyang, February 6 (KCNA)—A spokesman for the South Korean National Democratic Front (Hanminjon) in a statement Friday denounced the traitorous Kim Yong-sam clique’s brutal suppression of the struggle of peasants and people of other strata against farm market opening, Seoul-based radio Voice of National Salvation [VNS] reported.

The statement says the courageous turnout of the peasants and other people in a struggle for defence of the nation’s foundation for existence is an entirely righteous patriotic action.

It strongly demands that the Kim Yong-sam group of traitors admit and apologize for its anti-popular criminal act, immediately release the arrested peasants and students and promptly stop the desperate search.

Such a thorough-paced pro-American flunkeyist traitor and fascist maniac as Kim Yong-sam can find no shelter in this land, the statement says.

The only way out for the peasants and people of other strata is to overthrow the fascist “civilian” regime and establish an independent democratic government, stresses the statement.

**Ground Attack Exercise Said Conducted in South**  
**SK0602090294 Pyongyang KCNA in English 0805**  
**GMT 6 Feb 94**

[Text] Pyongyang, February 6 (KCNA)—A group of tanks of the South Korean puppet Army Friday staged a ground attack exercise against the North in coordination with motorized infantry units in Chomwor-ri, Paju County, Kyonggi Province, near the Demilitarized Zone along the Military Demarcation Line, according to military sources.

The large-calibre artillery units of the puppet Army on the same day took a position in Kajon-ri, Imje county, South Korean Kangwon Province, and levelled the guns at the North side and puppet troops took a position in Nosang-ri, Ogum-ri and Yongsan-ri, Paju County, and fired more than 1,000 large-calibre machinegun and automatic rifle bullets.

Meanwhile, ten odd helicopter gunboats and transport helicopters of the puppet Army staged exercises of supporting ground force units, parachuting "commandoes" and airlifting combat equipment in the skies above Yonchon and Pochon, Kyonggi Province, and Chuphari, Chorwon County, South Korean Kangwon Province.

**Further on Reaction in South to Market Opening**

**Peasant Groups Call News Briefing**  
**SK0602091294 Pyongyang KCNA in English 0807**  
**GMT 6 Feb 94**

[Text] Pyongyang, February 6 (KCNA)—Representatives of nine South Korean Peasants Organisations including the National Federation of Peasants Associations (Chonnong) jointly called a press conference on February 4 and opposed again the farm market opening, according to a radio report from Seoul.

They demanded that the puppet authorities leave the blanks of 15 basic farm products including rice unfilled when presenting the final enforcement plan for Uruguay Round market opening, which is scheduled on February 15.

They declared that they would wage a struggle throughout South Korea if their demand were not accepted by the authorities.

They warned that the puppet authorities would face a greater resistance if the latter dealt with by law those arrested in the demonstration on February 1.

**Rally Held in Seoul 5 Feb**  
**SK0602095794 Pyongyang KCNA in English 0822**  
**GMT 6 Feb 94**

[Text] Pyongyang, February 6 (KCNA)—Over 500 members of 20 odd organizations reportedly held a rally in Seoul Saturday in protest against the treacherous

opening of the agricultural market, defying suppression by the traitor Kim Yong-sam clique.

"The ruin of agriculture subsequent upon market opening would cause serious problems including environmental pollution and destruction of culture," warned the ralliers in a statement, strongly urging the puppet authorities to have a "Uruguay Round Renegotiation".

Meanwhile, students and members of labour organizations held a protest against the agricultural market opening in front of Seoul railway station and launched a signature campaign amid the active response of citizens.

**Union Denounces 'Suppression'**  
**SK0602100894 Pyongyang KCNA in English 0837**  
**GMT 6 Feb 94**

[Text] Pyongyang, February 6 (KCNA)—The Central Committee of the Union of Agricultural Working People of Korea in a statement Saturday sharply denounced the South Korean puppet clique's suppression of the peaceful demonstrators protesting against the opening of the rice market on Feb. 1, as a brutal fascist repression infringing upon the elementary vital rights and democratic freedom on the peasants and people of other walks of life.

Recalling that the puppet clique of Kim Yong-sam, the traitor for all ages, is resorting to a wholesale crackdown, branding the peaceful protests for defending the nation's dignity and interests as "violence", the statement says the current struggle of the South Korean peasants and students is by no means "violence".

The real violence is the brutalities of the fascist clique which is madly wielding the bayonet at the bare-handed peaceful demonstrators and its boss is none other than the traitor Kim Yong-sam, it points out. The statement calls upon the South Korean peasants and students to wage a more daring struggle to overthrow the treacherous Kim Yong-sam puppet regime and establish a truly independent democratic government, in close solidarity and unity with people of all other strata, holding high the banner of struggle against outside forces and puppets, which they have raised.

**Opposition Parties Reject Opening**  
**SK0802110394 Pyongyang KCNA in English 1008**  
**GMT 8 Feb 94**

[Text] Pyongyang, February 8 (KCNA)—"Lawmakers" from the opposition Democratic Party, National Party and New Hanguk Party of South Korea held an emergency joint meeting at the "National Assembly" on February 5 and published a joint statement demanding "renegotiation of the Uruguay Round", a Seoul-based radio report said.

In the statement they shared the view that they should fight it out to prevent the agricultural market opening which would drive the South Korean agriculture into

bankruptcy, and urged the authorities to leave unfilled blanks of the final plan for the enforcement of the opening which was due to be submitted by February 15.

They also declared that they would fight in concert to prevent a "parliamentary ratification" of the agro-market opening.

### ROK Groups Want Compensation for 'Comfort Women'

SK0802103594 Pyongyang KCNA in English 1011  
GMT 8 Feb 94

[Text] Pyongyang, February 8 (KCNA)—Affiliates of the South Korean Council for Measures on the Volunteers Corps Problem (Chongdaehyop) which comprises 18 organizations have made it a rule to stage a demonstration in front of the Japanese Embassy in Seoul every Wednesday since January, 1992, demanding compensation for the damages done to "comfort women for the Army", a South Korean newspaper reported.

The number of demonstrations had exceeded 100 by the end of December last year.

The protests involved members of Chongdaehyop, the National Alliance for Democracy and Reunification (Chongukyonhap) and other organizations.

They shouted toward the embassy: "Japanese Government, probe the truth behind the 'comfort women for the Army' issue and make an official apology and compensation". "Our angry shouts will not cease till a genuine apology and compensation of the Japanese Government for the wartime crime have been made", they warned.

### South Koreans Reported Praising Kim Chong-il

SK0802103694 Pyongyang KCNA in English 1016  
GMT 8 Feb 94

[Text] Pyongyang, February 8 (KCNA)—South Korean people are lauding the dear leader Comrade Kim Chong-il who is wisely leading the people with his distinguished ideas and theories, brilliant wisdom and rare insight.

A dissident residing in Myeongdong, Seoul, told his fellows that it was, indeed, a great fortune of the nation to have a marshal in the person of Mr. Kim Chong-il, a famous general with perfect literary and military accomplishments, loyalty and filial piety, a famous general who descended from the heaven.

A professor of Seoul National University surnamed Yi said:

"When you read works authored by Secretary Kim Chong-il you can see that he is, indeed, an extraordinary thinker and theoretician. When you see the socialism of the North you can understand that he is, indeed, a great statesman. The fact that the North stands against the United States, a superpower, eloquently tells that he is, indeed, an outstanding military strategist.

"He is, indeed, the great of great."

A lieutenant of the puppet Army surnamed Kim said there is no other Army in the world like the North's which is guided by a great statesman, an iron-willed brilliant commander equipped with literary and military accomplishments. "It is an honour and pride not only of our people but of the world people to have acclaimed Supreme Commander Kim Chong-il as a marshal," he stressed.

An intellectual in Pusan surnamed Kim told his colleagues:

"Mr. Kim Chong-il is a peerless great man with clairvoyant wisdom, rare resourcefulness and noble virtues.

"Let all of us live and fight with fortitude to be embraced in his bosom."

### South's Opposition Urges Probe on Land Scandal

SK0602095094 Pyongyang KCNA in English 0816  
GMT 6 Feb 94

[Text] Pyongyang, February 6 (KCNA)—The deputy spokesman for the South Korean opposition Democratic Party in a statement February 4 urged the puppet authorities to probe a scandal committed by the traitor Chon Tu-hwan's younger brother, Chon Kyong-hwan, in the period of the "Fifth Republic", according to a radio report from Seoul.

Calling attention to the exposure of the fact that Chon Kyong-hwan grabbed by forcible means more than 122,000 phyong (one phyong equals six feet square) of land around Yongjungdo, Inchon city, the ownership of which he claimed and filed a suit for it, the deputy spokesman said the money he paid in buying the vast tract of land must be an ill-gotten money.

And he urged an immediate investigation into all the injustices committed by Chon Kyong-hwan immobilizing "government officials" in the forcible purchase of the land.

### Remarks by Japan's Ozawa on Nuclear Issue Decried

SK0802105294 Pyongyang KCNA in English 1040  
GMT 8 Feb 94

[ "Japanese Reactionaries Must Immediately Stop Anti-DPRK Smear Campaign"—KCNA headline]

[Text] Pyongyang, February 8 (KCNA)—Ozawa, representative of the Japan Renewal Party (Shinseito), reportedly appeared on the TV scene on February 6 and spun out a string of spiteful words against the DPRK, saying "North Korea has already completed nuclear weapons" and it "has no doubt equipped itself with nuclear arms".

This is malicious slander and unpardonable, open challenge to the peaceloving DPRK which has no nuclear arms.

Ozawa unhesitatingly spread the fiction of "nuclear armament", going far beyond the limit of "nuclear suspicion" against the DPRK over which the Japanese reactionaries have raised a hue and cry up until now. Judging from this, one can see to what extremes their anti-DPRK intrigues have gone.

Ozawa made such tricky remarks adding fuel to fire at a time when a grave crisis that might push the situation to a catastrophic phase has been created due to the despicable perfidy of the United States, prompted by an extremely sinister intention to force the DPRK at any cost to accept the demand of the Secretariat of the International Atomic Energy Agency for a total inspection, and seek international "sanctions" and pressure to isolate and stifle the DPRK by misleading world opinion.

It is not hard to gather that lurking behind it is also a wicked intention to justify Japan's nuclear armament and design to turn it into a nuclear power and hasten this in real earnest by spreading the fiction of the North's "nuclear armament".

Japan launched a large nuclear-capable carrier rocket H-2 on February 4 and is soon to ignite Monju, its first fast breeder reactor. A series of facts clearly prove in practice that the Japanese reactionaries' moves toward a nuclear power now are being stepped up in a very grave phase.

This is, indeed, a grave obstacle to the denuclearization of Northeast Asia including the Korean peninsula and poses a big threat to the Korean and other Asian people.

The Japanese reactionaries' stepped-up nuclear armament is aimed at gratifying their criminal design of overseas aggression the first target of which is the Korean peninsula.

Such aggressive design of theirs was fully manifested in the fact that Ozawa made no scruples of uttering meaningful words saying Japan's countermeasure for the event of "contingency" on the Korean peninsula should be examined.

It is as foolish as trying to destroy a rock with their heads to attempt to stretch their tentacles of reinvasion against the DPRK in collusion with the United States.

We are following with heightened revolutionary vigilance their anti-DPRK, anti-socialist moves, and our people and People's Army will never pardon those who try to infringe on their national sovereignty and dignity.

The Japanese reactionaries must look squarely at the steadfast will and determination of the Korean people and act with discretion and promptly stop the anti-DPRK intrigues.

#### Japanese Group Urges U.S. To Drop Patriot Plans

SK0702151894 Pyongyang KCNA in English 1507  
GMT 7 Feb 94

[Text] Tokyo, February 5 (KNS-KCNA)—Keiko Tsuwa, chairman of the Japan Women's Council, in a letter of request to the U.S. President February 2 demanded that the U.S. abandon its scheme to deploy Patriot missiles in South Korea.

She said her council wanted detente on the Korean peninsula, Korea's reunification and peace in Japan and Asia and strongly urged the U.S. authorities to stop promoting the plan for the deployment of Patriot missiles in South Korea and strive for detente, peace and stability on the Korean peninsula and in Asia.

#### Delegation of Korean Scientists in Japan Arrives

SK0602095494 Pyongyang KCNA in English 0820  
GMT 6 Feb 94

[Text] Pyongyang, February 6 (KCNA)—A delegation of the Association of Korean Social Scientists in Japan led by Pae Chin-ku, director of its central Standing Council, arrived here by air Saturday for a visit to the socialist homeland.

#### President Sends Greetings to Lao Premier

SK0702105094 Pyongyang KCNA in English 1031  
GMT 7 Feb 94

[Text] Pyongyang, February 7 (KCNA)—Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, today sent a telegram of greetings to Comrade Khamtai Siphandon, chairman of the C.C. [Central Committee], the Lao People's Revolutionary Party [LPRP] and premier of the Government of the Lao People's Democratic Republic, on his 70th birthday.

President Kim Il-song noted in the message that the Lao people are now making big achievements in the efforts to consolidate the people's democratic system and promote socio-economic development, closely rallied around the LPRP Central Committee headed by Comrade Khamtai Siphandon.

"I express the belief that our intimacy forged through our meeting in Pyongyang in December, last year, and the cooperative relations between the parties and peoples of the two countries will continue to strengthen and develop," he said.

He wished comrade Khamtai Siphandon success in his activities to strengthen the party, achieve national unity and build a prosperous new society.

**Kim Il-song Sends Greetings to Finnish President**  
*SK0802105994 Pyongyang KCNA in English 1041  
GMT 8 Feb 94*

[Text] Pyongyang, February 8 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea today sent a message to Martti Ahtisaari congratulating him upon his election as president of the Republic of Finland.

In the message he expressed the belief that the friendly and cooperative relations between the two countries would further develop, and wished the Finnish president success in his work for the prosperity of the country.

**President Greets Grenadian Prime Minister**  
*SK0602101694 Pyongyang KCNA in English 0839  
GMT 6 Feb 94*

[Text] Pyongyang, February 6 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea sent a message of greetings to Prime Minister of Grenada Nicholas Brathwaite Thursday on the 20th anniversary of the independence of his country.

President Kim Il-song in the message wished a big success to the prime minister and his people in the efforts for the prosperity of the country and said the friendly relations between the two countries would further develop.

**Daily Marks Grenada Independence Anniversary**  
*SK0802110294 Pyongyang KCNA in English 1027  
GMT 8 Feb 94*

[Text] Pyongyang, February 8 (KCNA)—MINJU CHOSON today observes the 20th anniversary of independence of Grenada.

Noting that after the independence the Grenadian people have achieved success in their struggle to consolidate the national independence and develop the national economy and culture, MINJU CHOSON in a by-lined article says:

Grenada is striving to develop friendly relations with the progressive people of the world including the countries in the Caribbean region on the basis of the idea of independence, peace and friendship.

The Korean people will make efforts in future to develop the friendship with the people of Grenada, an island country on the Caribbean Sea.

Believing that the friendly relations between the peoples of the two countries will strengthen and develop, the Korean people wish the Grenadian people greater success in their struggle for development and prosperity of the country.

**Kim Il-song's New Year Address Studied Abroad**  
*SK0802110194 Pyongyang KCNA in English 1021  
GMT 8 Feb 94*

[Text] Pyongyang, February 8 (KCNA)—The New Year address of the great leader President Kim Il-song has been widely reported in the last one month by more than 400 publications of over 80 countries.

The part of national reunification from it was distributed as an official document of the U.N. Security Council.

President Kim Il-song's New Year address has been broadly disseminated and studied in more than 30 countries in various forms and methods such as seminar, lecture and reading session.

Seminars and joint seminars on the address have been held in different countries including Denmark, Austria, Guyana, Uganda, Ghana and Bangladesh.

Speakers said the New Year address of President Kim Il-song which is run through with the chuche idea is a bright blueprint indicating the road of the victory of Korean-style socialism centred on the popular masses and a militant banner powerfully inspiring the masses in accomplishing the cause of independence.

They said dear Comrade Kim Chong-il, who delivered a telling blow at the imperialists and reactionaries and turned adversity into a favorable situation last year which was a year of struggle and a year of victory, is an illustrious leader of this era, an era of independence, and an ever-victorious iron-willed brilliant commander.

Foreign political parties, public organisations and public figures published statements, talks and resolutions and held meetings and press conferences on nearly 150 occasions in support of the New Year address of President Kim Il-song.

**Bulgarian Paper Carries Article on Kim Chong-il**  
*SK0702104494 Pyongyang KCNA in English 1023  
GMT 7 Feb 94*

[Text] Pyongyang, February 7 (KCNA)—The Bulgarian paper TRIBUNA January 31 carried an article entitled "Great Man Who Leads Socialist Movement to Victory".

The article says:

Comrade Kim Chong-il, member of the Presidium of the Political Bureau and secretary of the Central Committee of the Workers' Party of Korea, saw to it that the Pyongyang declaration was made public, considerate of the realities that many parties are groping their way how to rebuild the socialist movement under the condition that socialism suffered setbacks in some countries.

Heads and representatives of the political parties desirous of socialism including many communist and workers' parties all over the world got together and

adopted the historic Pyongyang declaration "Let us defend and advance the cause of socialism" in Pyongyang in April 1992.

Comrade Kim Chong-il is directing deep attention to strengthening the motive force of the socialist movement.

He said that to strengthen the motive force of revolution it is imperative to strengthen the working-class party and enhance its leadership role.

He published in recent years his works "The Workers' Party of Korea Organizes and Guides All the Victories of our People", "Our Socialism Centred on the Masses Shall Not Perish" and "On the Fundamentals of Revolutionary Party Building" in which he put forward fundamental principles that should be maintained in the building and activities of the working-class party to build a new revolutionary party capable of rebuilding the socialist movement and the ways for their implementation and gave correct answers to many theoretical and practical matters arising in the international arena, thus making undying contributions to the development of the socialist movement.

The Workers' Party and the people of Korea now under the guidance of Comrade Kim Chong-il are determinedly defending and maintaining the Korean-style socialism and bringing the advantages and vitality of socialism into full play with the might of the single-hearted unity of the leader, the party and the masses.

#### Minister Receives Message From Cuban Counterpart

SK0602085994 Pyongyang KCNA in English 0802  
GMT 6 Feb 94

[Text] Pyongyang, February 6 (KCNA)—The foreign minister of the Republic of Cuba, Roberto Robaina Gonzalez, in a solidarity message to his Korean counterpart Kim Yong-nam, reaffirmed the invariable support and active solidarity of Cuba for the arduous struggle of the Korean people for socialist construction and the independent and peaceful reunification of the country, the supreme desire of the nation.

"The Cuban people will always express solidarity with the Korean people in their efforts to fulfil the noble tasks put forward by President Kim Il-song in his New Year address," stated the message.

#### Yang Hyong-sop Greets New Venezuelan Official

SK0702052694 Pyongyang KCNA in English 0453  
GMT 7 Feb 94

[Text] Pyongyang, February 7 (KCNA)—The chairman of the Supreme People's Assembly, Yang Hyong-sop, sent messages of greetings to Eduardo Gomes Tamayo and Carmelo Lauria upon their election as president of the Congress and president of the Chamber of Deputies of the Republic of Venezuela.

He in the messages expressed the belief that the friendly and cooperative relations between the two peoples and the two parliaments would develop for the better with each passing day and wished them greater success in their responsible work.

#### Rwandan Committees Support Ministry Statement

SK0702104794 Pyongyang KCNA in English 1028  
GMT 7 Feb 94

[Text] Pyongyang, February 7 (KCNA)—The Rwandan Committee for the Study of the Chuche Idea and the Rwandan Committee for Support to Korea's Reunification issued a joint statement on February 1 in support of the statement of the spokesman for the Foreign Ministry of the Democratic People's Republic of Korea dated January 31.

The statement expressed full support to the DPRK's stand clarified in the Foreign Ministry spokesman's statement that if the United States reverses the promise, the DPRK would not be bound to the promise it has made to the United States.

Referring to the perfidy of the United States with regard to the solution of the nuclear issue on the Korean peninsula, the statement said:

We will stand firm on the side of the Korean people who are vigorously advancing along the road of socialism holding aloft the banner of the chuche idea and make a counterattack on all sorts of moves of the enemy to stifle the just cause of socialist Korea.

#### Spanish Group Publishes Bulletin on Reunification

SK0802042194 Pyongyang KCNA in English 0408  
GMT 8 Feb 94

[Text] Pyongyang, February 8 (KCNA)—The bulletin "One Korea, Reunified and Independent" was published jointly by the Spanish Committee of the Organisation of Afro-Asian-Latin American Peoples Solidarity and the Spanish Committee for Supporting Korea's Reunification.

It carried the part of national reunification from the new year address of the great leader President Kim Il-song for this year.

#### Kim Chong-il's Birthday Celebrated Abroad

SK0702052894 Pyongyang KCNA in English 0446  
GMT 7 Feb 94

[Text] Pyongyang, February 7 (KCNA)—Functions are being held in different countries on the birthday of the dear leader Comrade Kim Chong-il.

A celebration meeting was held in Lugazi City, Uganda, and a celebration meeting and a Korean film show were held at the University of Burundi.

A lecture on the title "The Dear Leader Comrade Kim Chong-il Is a Great Man Revered by all People" and a celebration performance took place in Taldy-Kurgan Province, Kazakhstan.

A lecture on the title "His Excellency Kim Chong-il Is a Great Thinker and Theoretician" and a Korean film show were arranged at the Cultural Centre of the Democratic People's Republic of Korea in Cairo.

And a round-table conversation took place at the East Mashonaland provincial committee of the Zimbabwean African National Union-Patriotic Front.

The provincial party secretary, S. Jakopo, speaking on the occasion, said: The DPRK is exalting its pride all over the world as a powerful socialist country under the wise leadership of the dear leader Comrade Kim Chong-il. Although the imperialists are desperately trying to isolate and stifle socialist Korea, it is growing in strength with each passing day, without the slightest wavering.

A friendship gathering was held at the Peruvian Centre for Social Action and Promotion of Change and Korean film shows at the Higher Institute of Military Cadres of Burundi, the Dar-es-Salaam Commercial College and in Ilala District, Dar-es-Salaam, Tanzania.

#### Seminar Held in Uganda

SK0802052294 Pyongyang KCNA in English 0416  
GMT 8 Feb 94

[Text] Pyongyang, February 8 (KCNA)—An international seminar on the chuche idea for the independent development and cooperation of the world people is soon to be held in Kampala, the capital of Uganda, on the occasion of the birthday of the dear leader Comrade Kim Chong-il.

The seminar will be attended by delegations and delegates of national and regional organisations, political, academic and public figures and delegates of chuche idea study organisations around the world.

The seminar will discuss theoretical and practical questions arising in the independent development and cooperation among the world people at the present time on the basis of the chuche idea, the guiding idea of this age.

#### Seminar in Zimbabwe Marks Birthday

SK0602094794 Pyongyang KCNA in English 0813  
GMT 6 Feb 94

[Text] Pyongyang, February 6 (KCNA)—A joint seminar took place in Harare, Zimbabwe, on January 27 to celebrate the birthday of the dear leader Comrade Kim Chong-il.

"The dear leader Comrade Kim Chong-il is a great thinker and theoretician," "Dear Comrade Kim Chong-il is an illustrious leader who has performed undying

feats for the Korean revolution and the world revolution," and "Dear Comrade Kim Chong-il is a tender-hearted father of the people, who shapes benevolent politics" were the subjects of speeches at the seminar.

The speakers said Comrade Kim Chong-il is a great thinker and theoretician who has developed and enriched the chuche idea and indicated the road of the struggle of the world progressives by publishing "Our Socialism Centred on the Masses Shall Not Perish," "On the Fundamentals of Revolutionary Party Building," "Abuses of Socialism Are Intolerable" and many other works.

Comrade Kim Chong-il, they noted, is an experienced leader who has smashed all manoeuvrings of the imperialists with the might of singlehearted unity by uniting the popular masses around the party and the leader and glorified Korean-style socialism and a peoples' leader who deeply loves the people.

The speakers were unanimous in saying that Comrade Kim Chong-il is an illustrious leader of the era of independence and wished him a long life in good health.

#### Trade Unionists Hold Seminar on Kim Chong-il

SK0802052594 Pyongyang KCNA in English 0430  
GMT 8 Feb 94

[Text] Pyongyang, February 8 (KCNA)—A seminar of trade unionists on the greatness of the dear leader Comrade Kim Chong-il took place here Monday on the occasion of the auspicious February fete.

The speakers said Comrade Kim Chong-il is an illustrious leader who is leading the revolution and construction to victory with rare wisdom and tested guidance and noted that he has built up the driving force of the Korean revolution as a crystal of loyalty and filial piety by strengthening the party and enhancing its leadership role.

The dear leader, they said, has lit the road of the times with rare wisdom and scientific penetration and conducted all work boldly and audaciously with correct strategy and tactics, rare organising ability and revolutionary sweep, thereby achieving a brilliant victory in the Korean revolution and construction.

Noting that the dear leader is a tender-hearted people's leader who is possessed of fervent love for the people and noblest spirit of devoted service for them, the speakers said: Inheriting the great idea of "to believe in the people as in heaven", the axiom of the great leader President Kim Il-song, the dear leader Comrade Kim Chong-il has shaped genuine policies for the people and made the whole country a large harmonious family.

They recalled that the dear leader gave a scientific exposition of the position and role of the trade union and has wisely guided it to fully discharge its mission and duty as a transmission belt linking the party with the masses.

### Kim Chong-il Sends Birthday Table to 'Old Woman'

SK0602094194 Pyongyang KCNA in English 0809  
GMT 6 Feb 94

[Text] Pyongyang, February 6 (KCNA)—The dear leader Comrade Kim Chong-il sent a centenary birthday table to Kim Kum-sun, an old woman living in Panghak-ri, Kimchaek city, North Hamgyong Province.

Still healthy, she assists the People's Army and does things helpful to the country.

Comrade Kim Chong-il, who values man most in the world and spares nothing for the people, is considerate even of the birthday of an old woman in a rural village.

The number of long-livers is increasing under the free medical care and other popular policies in the Democratic People's Republic of Korea.

### Kim Chong-il Sends Books to Study House

SK0602085794 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 3 Feb 94

[Text] The dear leader Comrade Kim Chong-il has sent the Grand People's Study House numerous books necessary to develop the country's science and technology and to enhance the people's standard of culture and knowledge. The dear comrade leader has recently sent, over several occasions, the Grand People's Study House a total of some 700 books of some 140 kinds. Among them are the books, picture albums, and magazines necessary to enhance the people's life and their standard of culture and knowledge.

The dear comrade leader, who pays deep attention to bringing up our people to be independent and creative men and women equipped with a high standard of socio-political and cultural knowledge, built the Grand People's Study House to be an important base to contribute to intellectualizing the entire society and to be a great monumental creation of the era of the Workers Party of Korea. At the same time, he specifically elucidated the problems arising in its management and operation.

The dear comrade leader said that all sorts of books should be provided for the Grand People's Study House—the social educational institution where all the people study—and provided it with numerous books out of his great benevolence, including social and political books, books of literature and art, and up-to-date scientific and technological data. The books which the dear comrade leader has sent the Grand People's Study House to date number 172,000 of 76,700 kinds. These books where the dear comrade leader's noble love for our people dwells are extensively read by the readers from various walks of life.

The party members, working people, and younger generation—who visit the Grand People's Study House,

which demonstrates its proud appearance as the grand palace of learning for all the people under the love and consideration of the dear comrade leader, who is determined to realize the intellectualization of the entire society as soon as possible—are doing their best to arm themselves firmly politically, ideologically, scientifically, and technologically.

### National Symposium on Chuche Proclamation Opens

SK0802110494 Pyongyang KCNA in English 1045  
GMT 8 Feb 94

[Text] Pyongyang, February 8 (KCNA)—A national symposium marking the 20th anniversary of the proclamation of the programme for modelling the whole society on the chuche idea has opened here today.

The dear leader Comrade Kim Chong-il proclaimed the modelling of the whole society on the chuche idea as the supreme programme of the Workers' Party of Korea [WPK] on February 19, 1974, with a scientific insight into the requirements of the developing revolution which had entered a new, higher stage.

The symposium will hear treatises explaining the programme, the greatness and validity of the idea and theories expounded by the dear leader to implement the programme and undying feats performed by him in the efforts to push ahead with the programme over the past two decades.

Vice-President Yi Chong-ok and Secretary of the Central Committee [C.C.] of the WPK Kye Ung-tae who are Politburo members of the C.C., the WPK, and other party and government officials, party propagandists, men of science, education and the press and officials of party cadre training centres are present at the symposium.

Secretary of the C.C., the WPK Kim Ki-nam delivered a report titled "Modelling of the Whole Society on the Chuche Idea is Great Programme of Socialist and Communist Construction in Our Age."

Then followed speeches.

### Other Symposia Held

SK0802103494 Pyongyang KCNA in English 1006  
GMT 8 Feb 94

[Text] Pyongyang, February 8 (KCNA)—Symposiums were held at party cadres training centres and in social science and educational domains on February 7 to mark the 20th anniversary of the proclamation of the programme of modelling the whole of society on the chuche idea.

The programme which was set forth by the dear leader Comrade Kim Chong-il on February 19, 1974 indicated for the first time in the history of the communist movement an ideological and theoretical guideline

which should be invariably applied in the building of a working-class party and gave comprehensive answers to theoretical and practical questions arising in building the party into an invincible one through the modelling of the whole of it on the chuche idea.

The speakers at the symposium of party cadres training centres said that the programme of modelling the whole society on the chuche idea is a great one indicating the most clear target in the revolutionary struggle for independence and a scientific way for its attainment and a revolutionary one which opened the road for a new historical march for the strengthening and development of the party and for the triumphant advance of the revolution.

At the symposium in the social science sector, the speakers said the dear leader Comrade Kim Chong-il put forward the programme of imbuing the whole society with the chuche idea and formulated the revolutionary idea of the great leader Comrade Kim Il-song and this was a historical event of epochal significance in the development of the revolutionary idea of the working class and in the accomplishment of the revolutionary cause.

The speakers at the symposium in the educational domain said that the programme not only indicated the objective and orientation of socialist education but also showed the contents and methods of education to bring up the rising generation into true revolutionaries of chuche type with an independent ideology and a high degree of creativity by directing primary efforts to political and ideological education and properly combining it with scientific and technological education.

#### KCNA Reports Increased Coal Production in Jan

SK0802103994 Pyongyang KCNA in English 1024  
GMT 8 Feb 94

[Text] Pyongyang, February 8 (KCNA)—Coal mines in Korea in January produced nearly one million more tons of coal than the previous month and are expanding the success this month.

In the first five days of this month the Sunchon and Anju District coal mining complexes increased coal output respectively 11 and 8 percent as against the like period of the previous month.

The Tokchon District coal mining complex is carrying out its daily plans at more than 130 percent by introducing new blasting methods and improving the operation rate of cutting faces.

The Kangso District general coal mining enterprise which had hit the January coal target over ten days ahead of schedule is now producing daily several hundred more tons of coal than planned this month by giving precedence to tunneling and well managing coal-cutting faces.

The Kangdong, Pukchang and Myongchon District coal mining complexes have lifted the daily coal output 20

percent above that in the corresponding period of last month by scrupulously organizing and directing production.

#### South Korea

#### DPRK Official Says Country Does Not Want War

SK0702234794 Seoul KBS-1 Radio Network in Korean  
2200 GMT 7 Feb 94

[Washington, YONHAP]

[Text] A high-ranking official from the North Korean UN mission said today that North Korea does not want a war to break out on the Korean peninsula over the nuclear issue. The official stressed that North Korea has been very patient with the nuclear issue but that North Korea will not shrink but be resolute [turyoum opsi tangdanghage taehalkosirago] because its existence is at stake.

The official from the North Korean UN mission, however, warned that if a war should break out, it will not be a repetition of the Gulf war situation in which Iraq suffered.

In connection with the UN sanctions, the official said that although North Korea is having difficulties [pirok oryopkinun hana], it has been living without help from the United States, Japan, and Russia, and warned that even a worm resists when trampled upon. He did not make a negative statement about China, supporting the speculation that North Korea has had close contacts with Beijing over the nuclear issue.

The official said that he has no knowledge of the reported possibility of a behind-the-scenes contact between the United States and North Korea this week prior to the International Atomic Energy Agency Board of Governors meeting.

#### YONHAP on Official's Remarks

SK0802004594 Seoul YONHAP in English 0036 GMT  
8 Feb 94

[Text] Washington, Feb. 7 (YONHAP)—North Korea does not want war breaking out again on the Korean peninsula, a senior official at the North Korean mission to the United Nations said Monday. But if war is unavoidable, North Korea will not be another Iraq, which suffered an ignominious defeat in the Gulf war, the official declared in an exclusive interview with YONHAP news agency.

North Korea has been patiently awaiting a resolution of the nuclear issue, but "since our existence depends on it, we will resolutely face the problem, unafraid," the official said on condition of anonymity.

Obviously aware of a move by the United States to refer the nuclear issue to the U.N. Security Council for economic sanctions, the official said North Korea "has managed to go on living without help from the United States, Japan and Russia."

"They all have to know that even a worm, if stepped on, wriggles," he said, by way of warning that North Korea would not submit meekly to military provocation.

The official, however, made no negative comments on China, backing up past speculation that Pyongyang has been in close consultation with Beijing on the nuclear issue.

Asked about the possibility of contact between the United States and North Korea prior to the International Atomic Energy Agency's Board of Governors' meeting Feb. 21, he said he knew nothing about it.

#### Daily Compares North, South Fighting Power

SK0802133594 Seoul CHUNGANG ILBO in Korean  
8 Feb 94 p 5

[Article by Kim Chun-pom]

[Text] It has been learned that North Korea has succeeded in developing the Nodong-1 and Nodong-2 missiles, which have a firing range of more than 1,000 km, and that it has recently assembly-line produced Russian ultramodern MiG-29 jets. Thus, attention is focused on the ROK's counter strategy and on the balance of North-South forces.

Remarkable progress in U.S.-North Korean negotiations over nuclear issues has not been made and the United States is reviewing sanctions against North Korea. This causes the people to worry that a war may break out once again on the Korean peninsula.

It is clear that if a war breaks out on the Korean peninsula, the first offensive and defensive battle between the North and the South will be a air battle [kongjungjon].

Comparison of the North and South Air Force reveals that the South has 520 tactical planes [chonsulgi] and the North has 850 tactical planes; the South has 190 support planes [chiwongi] and the North has 480 support planes; and the South has 600 helicopters and the North has 290 helicopters. Thus, North Korea has approximately 320 [number as published] more planes than South Korea.

The ROK plans to introduce and produce F-16 jets. It has been learned that North Korea has decided to introduce or produce 100 MiG-29's from Russia and that it has already introduced 14 MiG-29 jets.

It is estimated the F-16 jets and MiG-29 jets rate the same in performance standards—mobility, weapons-loading capacity, and radius of action.

The superiority of the F-16 and MiG-29 jets will be determined by the ultramodern electronic equipment loaded in both jets and by the ability of its pilots.

Both the South and the North are competing to introduce ultramodern fighters. Regarding the comparative strength of the North and South Air Force at the Military Demarcation Line, North Korea will, for the time being, maintain its superiority over South Korea.

It is true the ROK is numerically inferior to North Korea when considering the fighting power of North and South.

Regardless of the quantitative comparison, the U.S. Air Force has pride in the strength of its air supremacy in the ROK. Comparison of the index number [chollyok chisu] of fighting power—one rifle equals one index number—reveals the ROK's index number is 4.5, thus being superior to that of North Korea by approximately 1.5.

Of course, the figures do not reflect intangible fighting power, such as pilots' ability and morale. The ability of ROK pilots has been estimated as greatly superior to that of North Korean pilots.

Regarding the level of training and ability of South and North Korean pilots, average flying hours of an Air Force lieutenant colonel of South Korea is approximately 2,500 hours, that of a North Korean is approximately one-third that amount.

Therefore, our Air Force has the confidence that "it will be a competent match" in the event of an air war between the South and North.

North Korea possesses more than 470 aircraft, including the Russian-made fighter MiG-19/21 and SU-7/25, as its mainstay aircraft. The ROK has the F-4/E as its mainstay aircraft and the existing air firepower will be reinforced with F-16's at the end of this year. It is difficult to discriminate between the fighting power of North Korea's MiG and ROK's Chekong because they are almost the same.

It has been learned that in the event a war breaks out on the Korean peninsula, the ROK-U.S. Combined Forces will apply the following five-step scenario according to the existing combined defense strategy of "Operational Plan 5027:"

One, (Pre-war), the U.S. Rapid Deployment Forces will be deployed to the Korean peninsula to deter a war; if a war breaks out;

Two (Rejection), the southward invasion will be blocked along the current front and strategic facilities at North Korea's rear will be destroyed;

Three (Annihilation), major North Korean combat capabilities will be annihilated and large-scale landing operations will be conducted while breaking through battle lines to advance northward;

Four (Isolation), Pyongyang will be isolated and occupied areas in North Korea will be placed under military rule;

Five (Post-war), the reunification of the Korean peninsula will be achieved with the ROK's initiative.

**Foreign Minister To Leave for U.S. 9 Feb**

*SK0802064194 Seoul YONHAP in English 0609 GMT  
8 Feb 94*

[Text] Seoul, Feb. 8 (YONHAP)—Foreign Minister Han Sung-chu has pushed forward his plans to visit the United States for decisive talks on the North Korean nuclear problem that will determine whether Seoul and Washington choose a diplomatic solution or U.N. sanctions, ministry officials said Tuesday. Han leaves on Wednesday instead of Sunday, bound for the U.S. capital first instead of Canada for critical consultations with U.S. leaders before heading to Canada and Mexico.

Part of the trip's purpose is to strengthen economic relations with all three parties of the North American Free Trade Agreement (NAFTA) and to tap South Korea's market entry possibilities.

At the same time, the trip precedes the Feb. 21 "deadline" when the International Atomic Energy Agency (IAEA) Board of Governors meets to discuss North Korea's non-compliance with nuclear inspections.

Ministry officials said Han will raise the issue of the current tone of U.S. press reports accenting inter-Korean tension and the possibility of a clash. He plans to request prudence on Washington's part so that reports are not premature on policies yet to be adopted or issues under sensitive negotiation.

The American press has been playing up what it sees as growing calls for punitive action against North Korea for refusing nuclear inspections, such as U.N. economic sanctions.

Seoul remains concerned that any rash action against the closed Stalinist state might provoke a violent clash between the two Koreas, which have already experienced the fratricidal war of 1950-53.

The foreign minister will be in Washington from Feb. 9-13 and plans to meet Secretary of State Warren Christopher, National Security Adviser Anthony Lake and new Defense Secretary William Perry, among others.

The foreign minister is expected to stop over at the United Nations to discuss sanctions against North Korea with Secretary-General Butrus Ghali.

While in Canada Feb. 13-16, Han will meet with Prime Minister Jean Chretien.

In Mexico, he is to meet President Carlos Salinas and hold foreign ministers' talks with Manuel Tello Macias during his Feb. 16-19 stay.

**Han Holds Pre-Departure Briefing**

*SK0802083494 Seoul YONHAP in English 0825 GMT  
8 Feb 94*

[Text] Seoul, Feb. 8 (YONHAP)—Seoul hasn't given up on diplomatic dialogue to solve North Korean nuclear issue, Foreign Minister Han Sung-chu said Tuesday, adding that North Korea and the International Atomic Energy Agency (IAEA) had significantly narrowed their gap before the breakup in negotiations. He watered down U.S. press reports and analyses of escalating tension on the Korean peninsula, disclaiming them as coming from outside the Washington government.

"The South Korean and U.S. Governments hope to solve the problem through dialogue as much as possible," Han said in a press conference on the eve of departure to Washington.

"We cannot but seek other measures if this (dialogue) fails. This has been our stance and still is," he said.

Han did not believe North Korea was trying to get more carrots from the United States in exchange for accepting IAEA nuclear inspections.

The North Korea-IAEA standoff probably has more to do with the change of mood at the negotiation table, Han analyzed.

"It's not true that there was no progress in North Korea-IAEA talks. The two sides had significantly narrowed their gap," Han told reporters.

The South Korean foreign minister will be in the U.S. capital Wednesday to Saturday, roughly 10 days before the Feb. 21 "deadline" when the IAEA Board of Governors is certain to discuss North Korea's non-compliance with the Agency's inspection demands.

The Washington visit is tied with his trip to Canada and Mexico, the two other parties to North American Free Trade Agreement (NAFTA).

Han is set to meet Secretary of State Warren Christopher, National Security Advisor Anthony Lake and Defense Secretary William Perry.

"We will be reconfirming the basic principles, direction and methods, exchanging evaluation and analyses on recent developments on North Korean nuclear issue," said Han.

"Depending on how the matter proceeds, we will talk about cooperation with the United Nations and other involved nations such as China and Japan."

Whether diplomatic efforts end with North Korea rests with the IAEA, according to the foreign minister, who must decide when its safeguards activities on North Korea have ceased.

The end of safeguards activities means the IAEA can no longer guarantee that North Korea is not diverting its nuclear materials and facilities to military use, he said.

"Such declaration is entirely up to the IAEA. We will respect the IAEA decision and comply by it," said Han. "We will also respect, participate and cooperate with any decision the U.N. Security Council makes on the issue."

### **YONHAP Analyzes Upcoming Trip**

*SK0802000794 Seoul YONHAP in English 2352 GMT  
7 Feb 94*

[By Yi Dong-min]

[Text] Seoul, Feb. 8 (YONHAP)—South Korean Foreign Minister Han Sung-chu embarks on a visit Wednesday that is probably the most pressure-filled and heavily-tasked since he took office a year ago.

The weight of the North Korean nuclear problem was felt again in recent weeks as the escalating tension prompted the Foreign Ministry to hastily announce that Han is pushing up his Canada, U.S. and Mexico tour schedule. Instead of leaving on Sunday for Canada, he takes off on Wednesday first for Washington for a two-day visit.

The announcement came amid a spreading mood of resignation here that patience has hit the wall in trying to talk out the nuclear problem with North Korea.

Han will likely discuss sanctions against North Korea in his talks with U.N. Secretary-general Boutros Boutros-Ghali and top U.S. policy-makers.

Seoul first proposed the itinerary change to squeeze in the two extra days.

"Day-to-day developments are critical at the moment," said Chang Chai-ryong, director-general of American affairs, in explaining the reason for the change.

The trip takes Han to meetings with the White House national security team including top Advisor Anthony Lake, foreign policy-makers including Secretary of State Warren Christopher and military officials such as Defense Secretary William Perry.

The talks fall at a delicate time. When Han was planning the Washington trip last month, he was thinking about how the two countries should prepare for the next round of high-level North Korea-U.S. talks that would have dealt with symbolic improvement of relations.

Instead, North Korea is now threatening to break off negotiations with the International Atomic Energy Agency (IAEA) on nuclear inspections. American Congressmen are calling for action, not dialogue, to resolve the problem. Press reports focus on possible military scenarios in case of war on the Korean peninsula.

Han will be in or near the United States as the nuclear problem reaches the Feb. 21 "deadline," the day the IAEA Board of Governors opens its meeting.

This week's Washington visit is a dip in the water, discussing various scenarios from sanctions to a shift whenever necessary. But Han, while talking about sanctions, will still pin his hopes on a last-minute backdown by Pyongyang and urge diplomatic dialogue to that end.

Seoul, after all, is the last party wishing to see a clash with Pyongyang.

The following week is when the two countries take the plunge, having to decide whether to really impose sanctions. Once the IAEA decides that its nuclear safeguards activities in North Korea are irreparably compromised, the Security Council will take over and naturally move on to U.N. sanctions.

The time in between will be spent on mustering the support of China, the North's staunchest ally, and Japan whose severance of secretive money flowing into Pyongyang is critical in case of economic sanctions.

Han's decision to spend more time with U.S. officials reflects Seoul's feeling that it's time to establish concrete plans. South Korea and the United States will have to determine when to turn these plans into action.

### **Officials To Discuss DPRK With U.S., Others**

*SK0802051294 Seoul SEOUL SINMUN in Korean  
8 Feb 94 p 1*

[Text] It has been learned that the government is considering ways of applying sanctions on North Korea over the nuclear issue, such as economic sanctions by the UN Security Council, in preparation for the worst situation, in case North Korea does not allow nuclear inspections by the International Atomic Energy Agency.

Considering the international cooperation system to be the most important one in resolving the North Korean nuclear issue, the government has decided to send Nuclear Ambassador Kim Sam-hun and other government officials to countries concerned, such as the United States, Japan, China, and Austria.

### **'Team Spirit' Exercise Said To Start 22 Mar**

*SK0802085594 Seoul CHUNGANG ILBO in Korean  
8 Feb 94 p 1*

[Report by correspondent Yi Sok-ku from Tokyo]

[Text] Quoting a ROK Defense Ministry source, Japan's *YOMIURI SHIMBUN* reported on 8 February that the ROK and the United States have decided to begin the Team Spirit joint military exercise on 22 March, which will last 10 days, if North Korea does not accept nuclear inspections by 21 February when the International Atomic Energy Agency Board of Governors' meeting is to be held.

*YOMIURI SHIMBUN* reported that this year's Team Spirit exercise will be sharply reduced in its scope

compared to last year, but that it will be faced with a more tense situation due to North Korea's nuclear issue.

**YOMIURI SHIMBUN** reported that the ROK and the United States decided that 40,000 troops—one-third of last year's 120,000 troops that were fully mobilized for the exercise—will take part in this year's exercise. It also reported that the two countries are examining the possibility of not deploying combat forces from the U.S. continent, but holding the exercise with the U.S. troops stationed in the ROK and the ROK Armed Forces.

However, **THE WASHINGTON POST** reported that the U.S. Defense Department is preparing for the possible order to deploy to the ROK approximately 1,000 U.S. soldiers on active duty and reserve forces by 22 February for the possible holding of the Team Spirit exercise.

**YOMIURI SHIMBUN** added that the ROK and the United States decided that they will stop the exercise if North Korea expresses its will to accept nuclear inspections even if the Team Spirit exercise has begun.

#### Newspapers Cited on Reaction

SK0802114394

[Editorial Report] The following is a compilation of articles and editorials from ROK vernacular newspapers published on 8 February on the U.S. order to prepare for the Team Spirit military exercise and the DPRK nuclear issue.

The moderate **HANGUK ILBO** in Korean publishes on page 2 a 900-word article by Washington-based correspondent Chong Chin-sok analyzing the background of the order to prepare for the Team Spirit exercise. The article interprets the order to prepare for the Team Spirit exercise as a realization that "the negotiations on the North Korean nuclear issue have actually ruptured" and explains that the order serves as an ultimatum to North Korea.

The article reports "the United States is most concerned about the possibility that North Korea may declare itself a nuclear possessing country because this would automatically exempt North Korea from the obligation to accept nuclear inspections, and as a result, sanctions by the UN Security Council would not be as easy."

The article quotes Dr. (Spector) of the Carnegie Endowment for International Peace: "There is no clue that could prove North Korea is a nonnuclear country."

The article forecasts that the U.S. Government will look to "a final settlement at the edge of the cliff" by not announcing the detailed schedule of the Team Spirit exercise for the time being.

The moderate **CHUNGANG ILBO** in Korean publishes on page 3 an 800-word editorial criticizing the use of the Team Spirit exercise as a negotiating card. The editorial asserts that the "purely defensive" Team Spirit exercise is "inevitable" and "natural" under the current defense

system of the ROK-U.S. Combined Forces and that it was not appropriate to use the exercise in the negotiations in the first place.

The editorial asserts that if the exercise had not been used as a negotiating card so easily, we might not have been blamed for evoking the tension first by resuming the preparations for the joint military exercise after saying it was possible to suspend the exercise. The editorial also points out that there is no guarantee North Korea will abandon nuclear development even if all its conditions are met because in the past North Korea has always added new conditions after concessions have been made.

The editorial continues that in dealing with such a sensitive issue, it should be made clear what concessions we are able to make, and the advantages and disadvantages of giving up or insisting on nuclear development.

The editorial reports that while continuing dialogue efforts, we should make full preparations for the people's safety and the right of existence and urge the government to show, thorough its security posture, its clear position toward the North Korean nuclear issue.

The moderate **CHUNGANG ILBO** in Korean publishes on page 3 a 1,000-word article by Washington-based correspondent Chin Chang-uk.

The article notes that even though the hard-line moves of the United States—including U.S. Defense Secretary Perry's remarks regarding the use of sticks after carrots, the resumption of the Team Spirit exercise, deployment of Patriot missiles and Apache helicopters, and disclosure of the five-step operation plan—may lead to a crisis scenario, analysts of Korean affairs in Washington are optimistic.

The article reports that the analysts assert that North Korea will eventually accept all the inspection conditions of the International Atomic Energy Agency and that North Korea is dreaming if it thinks a war is inevitable under its current military preparedness. The article reports that the analysts think North Korea is not at all prepared for a large-scale war based on the fact that "there is a serious food shortage in North Korea, there has been no signs that it has made any efforts to secure more military provisions, and that North Korea has only a two-month energy reserve with its existing energy storage facilities."

The article cites another assertion that because North Korea is more afraid of the counterattack by ROK-U.S. Combined Forces, war will not breakout on the Korean peninsula as long as North Korea does not lose its reason. The article concludes with concern by pessimistic analysts about the possibility that the United States might lose its reason after the humiliating results of the negotiations with North Korea.

**ROK-U.S. Plan To Counter DPRK Attack Disclosed**

SK0802044894 Seoul *CHOSON ILBO* in Korean  
8 Feb 94 p 5

[Article by Kyong Yong-won: "ROK-U.S. Joint Operations Plan' Set Up in 1992"]

[Text] It has been disclosed that the ROK and the United States, in their joint operations plan worked out in 1992 in preparation for a North Korean southward invasion, introduced the new concept of active defense aimed at destroying the North Korean regime and reunifying the country under the ROK initiative instead of the old concept of negative defensive operations. The disclosure of this plan draws our attention.

The relevant officials of the Ministry of National Defense [MND] say that this change was not made abruptly at that time but because the ROK and the United States felt the shortcomings of the negative operational concept in the sixties and seventies for the North Korean southward invasion, they gradually introduced the offensive operational concept of air-raid on and advance to the North Korean rear areas. The MND officials say that this has nothing to do with the present North Korean nuclear issue.

Until the mid-seventies, the ROK and the United States had a negative operational concept against the North Korean southward invasion of abandoning Seoul, if unavoidable, and retreating to the area south of Seoul, and, taking step-by-step counter-attack actions when the U.S. reinforcement arrives and repelling the enemy to the area north of the truce line.

The ROK side strongly suggested to the U.S. side on several occasions that Seoul not be abandoned. Accordingly, the operations plan changed in the mid-seventies to the effect that the North Korean advance should be checked in the area north of Seoul.

In the early eighties, the old concept came under criticism calling for stronger punishment for war provokers, and the ROK-U.S. operations plan took on a more offensive nature incorporating the U.S. Air-Land Battle [as published] concept. The concept was that if North Korea wages a preemptive attack, the ROK-U.S. Combined Forces would attack major facilities in the North Korean area with Air Force planes and special forces. As soon as large-scale reinforcement forces arrive from the U.S. mainland, the ROK-U.S. forces would make offensive operations, landing large-scale landing forces in the North Korean rear areas, thus dealing North Korea a serious blow.

This strategy was developed from the mid-eighties to the early nineties, but the ROK and the United States could not establish a precise target as to what extent we should strike North Korea.

The issue of "target" began to be discussed in 1990 when General RisCassi assumed the post of commander of the

ROK-U.S. Combined Forces and began a fundamental review of the ROK-U.S. operations plan. In the discussion of this subject, the ROK and the United States differed in their views at one time.

The ROK and the United States finally agreed in 1992 that they would occupy or isolate Pyongyang, decide on advancement north of Pyongyang in stages according to the situation, and proceed to attack North Korea just enough to demolish its regime and for the ROK to gain the initiative in reunification.

According to this "new operational plan 5027," the ROK and the United States have established a 5-step scenario against possible southward invasion by North Korea.

First, they will prevent war by deploying U.S. rapid deployment deterrent forces (FDO) [expansion unknown] on the Korean peninsula.

Second, if a war takes place, they will deter North Korea's southward invasion north of Seoul and destroy strategic facilities at North Korea's rear.

Third, they will annihilate North Korea's major combat capabilities and conduct large-scale landing operations while breaking through battle lines to advance northward.

Fourth, they will isolate Pyongyang and place occupied areas of North Korea under their military rule.

Fifth, they will achieve reunification of the Korean peninsula upon the ROK's initiative.

Military officials say that these changes in the ROK-U.S. joint operations plan, both in name and reality, enables preparedness against a possible North Korean southward invasion, and if necessary, guarantees the destruction of the North Korean regime and reunification according to the ROK's initiative.

The details of the changes which have only now been disclosed, are reported by the U.S. media as though a U.S. idea being realized based on its current hard line policy on the North Korean nuclear issue. The Defense Ministry officials regard the U.S. media's recent reports on this and policies to reinforce the ROK-based U.S. Forces, such as the deployment of Patriot missiles and Apache helicopters, as a series of U.S. moves aimed at creating tension on the Korean peninsula, and they are keeping careful watch over the behavior of the U.S. Government and media.

**Dailies on New U.S. Strategy**

SK0802064294

[Editorial Report] The following is a compilation of articles published in Seoul vernacular daily newspapers on 7 and 8 February in connection with the revision in U.S. strategy for defending the ROK that was reported by THE NEW YORK TIMES on 6 February.

The conservative CHOSON ILBO on 7 February carries on page 1, a 300-word report by reporter Kim Sung-yong from New York on a new U.S. strategy for defending the ROK.

Under the headlines, "To Seize Pyongyang if North Korea Invades South Korea" and "THE NEW YORK TIMES Reports Change in U.S. strategy in ROK Defense," the report quotes the U.S. newspaper as reporting on 6 February that "the United States recently amended its strategy on defending the ROK in order to cope with possible changes in the situation on the Korean peninsula, such as North Korea's recent moves for nuclear development." The report also quotes the U.S. paper as reporting that the new strategy was initiated by the former Commander of the U.S. Forces in Korea and supplemented by Gary Luck, the present Commander of the U.S. Forces in Korea.

Both the moderate HANGUK ILBO and the moderate TONG-A ILBO of 7 February carry 300-word reports respectively by New York-based correspondent Kim Su-chong and reporter Kim Cha-ung in New York on the front page regarding the new U.S. strategy for defending the ROK. The reports cite THE NEW YORK TIMES as reporting that if North Korea attacks South Korea, the United States even has plans to seize Pyongyang and overthrow the Kim Il-song regime. They also note that the U.S. daily is concerned over North Korea's concentration of its conventional armed forces and weapons near the DMZ.

On page 5, the moderate TONG-A ILBO carries a 2,500-word "gist" of the contents of the new U.S. plan for defending the ROK. Under the headlines, "A Plan For Advance Beyond Pyongyang Yet To Be Determined," "North Korea Increases Artillery Positions Around Yongbyon Nuclear Site 10 Times," and "Five U.S. Radar Systems Now Under Operation," the gist includes two parts. Under the subhead of "North Korea's Strategy for a Southward Invasion and Its Military Strength," the first part describes the gist of the content of North Korea's strategy for invading South Korea and its military capability, while noting its recent preparations for a southward invasion, including the possible infiltration of its special commandos into the rear area of the ROK and U.S. forces, the deployment of more antiaircraft artillery units in Yongbyon area, and the troop concentration near the DMZ.

Under the subhead of "Plan For Defending The ROK" the second part describes the gist of the contents of plans for various joint operations between the ROK and U.S. forces, to repel North Korea's invasion.

The moderate KYONGHYANG SINMUN on 7 February carries on its front page a brief 200-word article by New York-based correspondent Pak Su-man on the new U.S. strategy for defending the ROK and follows it up with a 900-word analysis of this development by the same reporter on page 4 under the headline of "From Whence Did the New U.S. Defense Strategy Emerge?"

Noting recent reports of U.S. plans to deploy Patriot missiles and Apache helicopters to South Korea and to send an aircraft carrier to Korean waters, as well as the moves to refer the North Korean nuclear issue to the UN Security Council, the article says that the new U.S. strategy for defending the ROK reflects the recent stance of the hard line group in the United States toward the North Korean nuclear issue.

Expressing concern that the U.S. strategy for "seizing Pyongyang" will aggravate Pyongyang, the article stresses that the strategy can be viewed as a sort of pressure on North Korea in connection with the North Korean nuclear issue.

Noting North Korea's possession of various types of missiles, including the Nodong-1 long-range missiles; its development of the Nodong-2 missile; and the recent reports on concentration of North Korean troops and huge amounts of various types of artillery guns near the DMZ, the article concludes that "even if North Korea accepts nuclear inspections, the Korean peninsula will still remain a dangerous region as long as these North Korean moves continue."

The left-leaning HANGYORE SINMUN on 7 February publishes on page 1 a 140-word report by Washington-based correspondent Chong Yon-chu on the new U.S. strategy for defending the ROK under the headlines: "The United States Has Established a Plan to 'Seize Pyongyang in Case North Korea Invades the South'" and "THE NEW YORK TIMES Reports The United States is Stepping Up Its Strengthening of U.S. Forces in South Korea and Deployment of the Latest Weapons." The report briefly quotes THE NEW YORK TIMES report on the new U.S. strategy for defending the ROK.

The pro-government SEOUL SINMUN on 8 February publishes on page 4 a 900-word article by Washington-based correspondent Yi Kyong-hyon analyzing the new U.S. strategy for defending the ROK. The article notes the order by the U.S. Department of Defense to U.S. reservists to be ready for participation in the Team Spirit exercise, reporting that "this is an ultimatum calling for North Korea to clarify if it will accept nuclear inspections." The article notes that such stern countermeasures against North Korea have two meanings: One is that the stern countermeasures are a kind of procedure for the U.S. Government to take in case negotiations with North Korea on the nuclear issue fall through—realizing it has become difficult to expect a peaceful solution to the nuclear issue—and the other is that they are a demonstration to threaten North Korea to accept nuclear inspections.

Regarding the 6 February THE NEW YORK TIMES report on the new U.S. strategy for defending the ROK, the article notes that the strategy is also another means to apply pressure on the North Korean leadership in connection with the nuclear issue, adding that "in view of such a recent U.S. hard-line attitude we cannot rule out a possibility that the International Atomic Energy

Agency, IAEA, and North Korea will continue negotiations on nuclear inspections."

The moderate KYONGHYANG SINMUN on 8 February publishes on page 3 a 800-word editorial entitled "Washington's Hard-line Atmosphere Toward North Korea." The editorial notes the growing tension on the Korean peninsula, including North Korea's increasing military threat following the U.S. announcement of a plan to deploy Patriot missiles to South Korea, the resumption of the Team Spirit exercise in case North Korea continues to refuse nuclear inspections, and THE NEW YORK TIMES report on a new U.S. strategy for defending the ROK in which "seizure of Pyongyang" is mentioned. In conclusion, the editorial urges North Korea not to sever dialogue with the IAEA on nuclear inspections.

**Editorial Complains About U.S. 'Sideshow'**

SK0802093294 Seoul HANGUK ILBO in Korean  
8 Feb 94 p 3

[Editorial: "U.S. 'Sideshow'"]

[Text] A series of recent reports about the security situation on the Korean peninsula are too complex to understand. We are not even aware if North Korean-U.S. and North Korean-International Atomic Energy Agency [IAEA] negotiations on the nuclear issues are being held. The recent U.S. sideshow makes the security situation on the Korean peninsula more complex.

U.S. evangelist Billy Graham recently visited with President Clinton and Kim Il-song separately, conducting secret diplomacy. We do not dislike this event, however, nothing special resulted from either meeting, which fell short of our expectations. It is true, however, that the secret diplomacy made a contribution to easing the tension. We suspect that, besides a peaceful diplomatic gesture, the United States is conducting a sideshow, which is causing the people to think that this is a demonstration of military strength. The sideshow has been produced daily by the U.S. Defense Department and press. Let us cite some actual examples:

The United States will deploy Patriot missiles to the ROK; the U.S. aircraft carrier, Independence, is moving toward the waters of the ROK; if a war breaks out on the Korean peninsula, the ROK and U.S. Combined Forces can win in four months; if North Korea attacks the South, the United States will not be content with simply repulsing the North Korean forces, but will occupy Pyongyang and overturn Kim Il-song's regime; the United States has decided to conduct the Team Spirit exercise this year; and the United States will send more than 1,000 U.S. troops to the ROK...

What is an issue is that such reports are not discussed in advance with the ROK. The people have felt somewhat uneasy because the United States have unilaterally made such remarks without full negotiations with the ROK side. The ROK Government has not actively coped with

such reports. There have been many cases when it has been too late for the ROK Government to cope with such reports.

Generally speaking, it seems there are two points that make the people feel uneasy about such a sideshow. One, the people are anxious over possible U.S.-ROK friction about the security of the Korean peninsula. Two, the demonstration of military strength, true or not, may incite North Korea.

Of course, we can understand why the United States is conducting such a sideshow. We think that the sideshow may be a U.S. strategy to resolve North Korea's nuclear issue before 22 February when the meeting of the IAEA Board of Governors is expected to be held.

The ROK feels deeply that a war should not break out again on the Korean peninsula. For this reason, the ROK cannot but be surprised at the U.S. unilateral strategy. In addition, the ROK is doubtful that the sideshow will be helpful to resolve North Korea's nuclear issue.

**Billy Graham Aide on Kim Il-song Meeting**

SK0802080594 Seoul CHOSON ILBO in Korean  
8 Feb 94 p 5

[Interview with Stephen Linton, Columbia University professor and aide to Rev. Billy Graham, on latter's recent visit to North Korea, by An Hui-chang; date and place not given]

[Excerpts] Stephen Linton, 44, a professor of Colombia University who recently visited North Korea as an aide and interpreter for Rev. Billy Graham, arrived in the ROK on 6 February. [passage omitted]

The following are questions and answers from the interview with Professor Linton:

[An Hui-chang] Having seen him up close, how would you say is Kim Il-song's health?

[Steve Linton] I cannot say whether he is unhealthy internally, but he appears to be healthy. His hands did not quiver, and he walked fine. His voice was husky like that of a chronic smoker, but his pronunciation was clear. His hearing ability, however, was so poor that even though he was wearing a hearing aid, sometimes someone nearby was asked to repeat in a loud voice what had just been said.

[An] People are very interested in the messages exchanged between President Clinton and Kim Il-song. [Linton] We received President Clinton's message from the U.S. Embassy in Beijing before entering North Korea. I cannot provide details of what was in the messages, but I can say that they will help improve the current tense relations between the United States and North Korea.

[An] What was discussed at the luncheon between Rev. Graham and Kim Il-song?

[Linton] Morality and religion were the main topics. President Kim recalled that he had gone to church with his mother during his childhood and that a pastor had helped him.

[An] Many observers note a change in Kim Chong-il's status. What was the atmosphere like in North Korea? [Linton] When I visited North Korea in 1992, President Kim Il-song said: "Kim Chong-il is in charge of administration." During my recent visit, however, I did not hear him mention this. Although President Kim did not mention any details, I came away with the impression that President Kim himself was leading overall state affairs. According to custom, we prepared gifts for both President Kim Il-song and Kim Chong-il, while North Korea only presented us with a gift in Kim Il-song's name.

[An] Why do you think North Korea invited Reverend Graham to visit?

[Linton] Reverend Graham published a book introducing various aspects of North Korea after his first visit in 1992. I believe that after reading the book, the North Korean people appreciated Rev. Graham's attempts not to distort [woegok] the North Korean system. [passage omitted]

#### **U.S. Ambassador on Plans To Close Pusan Consulate**

*SK0502133694 Seoul HANGUK ILBO in Korean  
5 Feb 94 p 27*

[Kim Chong-hung from Pusan]

[Text] U.S. Ambassador to the ROK James Laney said on 4 February that due to the U.S. Administration's policy to cut its budget, the U.S. Embassy to the ROK had already reduced its personnel and that the plan to cut its budget includes the plan to close the U.S. Consulate in Pusan. Ambassador Laney said this at a meeting with merchants and industrialists in Pusan to which the ambassador was invited. The meeting took place at the Pusan Chamber of Commerce and Industry.

He also said: "The Pusan Consulate issued 12 times more visas last year than in 1989. The consulate has made it convenient for Pusan citizens to get visas and contributed to promoting friendship between the ROK and the United States. Therefore, the U.S. Embassy is making efforts to maintain the consulate by explaining to the U.S. Government how important the consulate is."

#### **N-S Trade Said 'Not Affected' by GATT, WTO**

*SK0702021194 Seoul YONHAP in English 0106 GMT  
7 Feb 94*

[Text] Seoul, Feb. 7 (YONHAP)—The government said on Monday that inter-Korean trade is not affected by the regulations of the General Agreement on Tariffs and Trade (GATT) or the World Trade Organization (WTO) because it takes place inside the nation.

A senior official at the National Unification Board (NUB) said, "inter-Korean trade is naturally recognized as an 'internal transaction' according to the basic agreement between South and North Korea concluded in early 1992 as well as to the United Nations Charter and the GATT regulations, both of which admit the self-determination rights of a divided country."

The government will send its final implementation plan to the gatt on Feb. 15, but the issue of inter-Korean trade will not be included, according to the official.

The clarification of NUB's position on inter-Korean trade came after Kyongsillyon, the Citizens' Coalition for Economic Justice (CCEJ), recently announced that inter-Korean trade should be recognized as an internal affair just as that of West and East Germany had formerly been.

#### **Process-on-Commission Trade With DPRK Active**

*SK0702092494 Seoul MAEIL KYONGJE SINMUN in  
Korean 7 Feb 94 p 1*

[Text] ROK firms have become active in participating in processing-on-commission trade with North Korea. As direct investment to North Korea is difficult due to the nuclear inspection issue, domestic firms are vigorously pressing ahead with processing-on-commission trade—a form of indirect investment—according to the businesses concerned.

Samsong Product Company has decided to increase by 30 percent the amount of products manufactured by processing-on-commission, which reached \$2.5 million last year. In addition, it has decided to expand orders for export to third countries, including Japan, under this form of trade.

Preparing for the ROK Government's possible authorization of a visit to North Korea within this year, Samsong has set up plans to send technicians to instruct North Korean workers on the advanced technology necessary for processing-on-commission trade for high-quality goods and to increase goods manufactured by processing-on-commission.

In 1993 Daewoo purchased 100,000 man's suits made by Sinsong Trade Company using processing-on-commission and has mapped out plans to expand processing-on-commission trade to higher quality clothes.

#### **Foundation Urges Kim Yong-sam, Kim Il-song Summit**

*SK0702102694 Seoul YONHAP in English 0900 GMT  
7 Feb 94*

[Text] Hong Kong, Feb. 7 (YONHAP)—Kim Tae-chung, head of the non-profit Peace Foundation for the Asia-Pacific region, has called for an early summit meeting between South and North Korean Presidents Kim Yong-sam and Kim Il-song.

Kim, in Hong Kong on his way home from a 10-day tour to Sweden, Norway and Denmark, told foreign reporters here that the two heads of state should meet in Seoul or Pyongyang as soon as possible to end their hostility and distrust, and instead open a new era of cooperation and reconciliation.

A meeting between the leaders of the capitalist South and communist North itself would be significant, the long-time opposition leader said.

Kim, chairman of the private think tank on Korean unification and Asian democratization, made it clear that he had no intention of meeting North Korean leaders before the summit nor did he wish to return to politics.

#### DPRK Logger Defects From Siberia to Pusan

SK0802013594 Seoul YONHAP in English 0125 GMT  
8 Feb 94

[Text] Pusan, Feb. 8 (YONHAP)—A North Korean logger working in Siberia has defected to South Korea aboard a Russian ship, the Sungwon shipping company said on Tuesday.

Pak Chang-hwan, 39, boarded the Russian passenger ship "Olga Androvskaya" in Vladivostok last Friday bound for Pusan and was handed over to the Agency for National Security Planning as soon as he landed in Pusan on Saturday.

According to Sungwon officials, Pak paid the captain of the Russian ship more than 1,000 U.S. dollars to help him defect to South Korea.

Sungwon is a shipping agent for Russian vessels stopping at the South Korean port.

#### Country To Withdraw Forces From Somalia by Apr

SK0802002994 Seoul YONHAP in English 0018 GMT  
8 Feb 94

[Text] Seoul, Feb. 8 (YONHAP)—South Korea will make an early withdrawal of its troops in Somalia for U.N. peacekeeping operations [PKO] by April, the Foreign Ministry announced Tuesday. The 250-man Army engineering unit named Sangnoksu (Evergreen) was to fulfill one year of service to July, but pushed up the withdrawal date due to an early pullout by Western countries, the ministry said. The decision was also prompted by a request from the Unosom Command post to relocate the South Korean unit, it said.

South Korea had dispatched the Army engineering unit in its first participation in a U.N. peacekeeping mission. The unit was responsible for road construction linking major cities in Somalia.

The U.N. Security Council decided last Friday to have the peacekeeping unit return to such traditional duties as overseeing humanitarian aid while diminishing the scale of stationed troops.

The United States announced last October its PKO troopers would leave Somalia by March 31 this year.

Italy, which has been in charge of security in the area where the South Korean unit was stationed, also decided to withdraw by the same date.

#### Outcome of National Security Meeting Described

SK0802063094 Seoul YONHAP in English 0602 GMT  
8 Feb 94

[Text] Seoul, Feb. 8 (YONHAP)—President Kim Young-sam instructed security-related cabinet ministers on Tuesday to do their utmost to help resolve the North Korean nuclear issue through dialogue even if it is referred to the U.N. Security Council.

"The (South Korean) Government will not abandon its efforts to resolve the North Korean nuclear problem through dialogue even if it is referred to the Security Council," Kim said. "Even if dialogue fails, the government has to prepare for everything so that the people can trust their government and have confidence in the government with regard to their safety and survival," Kim said.

The presidential instruction came at a Chongwadae [presidential offices] meeting attended by Prime Minister Yi Hoe-chang, Deputy Prime Minister and head of the National Unification Board Yi Yong-tok, Foreign Minister Han Sung-chu, Home Affairs Minister Choe Hyong-u, Defense Minister Yi Pyong-tae and others.

The meeting was convened amid rising international tension after the United States said it will have to refer the North Korean nuclear question to the U.N. Security Council if Pyongyang and the International Atomic Energy Agency (IAEA) fail to reach agreement on IAEA inspections by Feb. 21.

President Kim reiterated the Seoul government's position that it does not want to see North Korea isolated from the world community.

"North Korea will have to allow comprehensive inspection by the IAEA of its nuclear facilities as it has promised, and a political solution to the nuclear issue has to be achieved through sincere dialogue between South and North Korea," Kim said.

"North Korea is facing a grave point by refusing to accept (IAEA) inspection," Kim said. "The (Seoul) government should maintain the principles and consistency of its policy while exercising flexibility in order to resolve the nuclear problem."

President Kim went on to stress that "it is important above all else to maintain close cooperation with the

United States and other countries," according to Chong Chong-uk, senior presidential secretary for foreign and national security affairs.

Kim then told Foreign Minister Han to hold close consultations with U.S. Government leaders when he visits Washington on Wednesday.

With regard to the perceived rise in tension on the Korean peninsula, the president said that the ministers should inform the people of as many developments as possible.

In addition, Kim instructed them to strengthen inter-ministry cooperation as the North Korean nuclear issue reaches an important turning point before and after the IAEA Board of Governors' meeting Feb. 21.

Briefing reporters on the background of Tuesday's security meeting, Chong said that considerable efforts will be made to peacefully resolve the nuclear question even after it is brought to the Security Council.

Chong said he did not believe the Security Council would impose economic sanctions immediately against North Korea.

Rather, the world body would have to go through many stages before deciding to impose sanctions.

That is why the Seoul government will continue its efforts to resolve the question through dialogue even after it is referred to the Security Council, he said.

Defense Minister Yi Pyong-tae reported to the meeting that the frequency of exercises by the North Korean Army and Air Force has been on the rise recently. His ministry has obtained evidence that defensive exercises around the nuclear complex in Yongbyong, north of Pyongyang, are being strengthened and work to reinforce underground facilities stepped up, Yi said.

North Korea is also stepping up propaganda efforts to denounce South Korea, he said. Despite these actions, Yi said there were no signs that North Korea would launch a provocation in the immediate future. Asked whether South Korea has been able to detect signs of an imminent provocation by the North, Chong said that under the worst circumstances, "we can detect it one or two days ahead."

"The people can trust our ability to detect it," Chong said.

The reason that President Kim convened the year's first national security meeting one day before the three-day lunar new year's holiday begins, is because the deadline for resolving the North Korean nuclear issue is approaching fast and because there is no indication it will be solved soon.

President Kim apparently wanted to reassess the government's policy and dispel the rising sense of anxiety here, fueled by foreign reports that warn of an imminent crisis in Korea.

**Former Navy Generals Receive Reduced Sentences**  
*SK0702104294 Seoul YONHAP in English 0854 GMT  
7 Feb 94*

[Text] Seoul, Feb. 7 (YONHAP)—Two former Navy generals, convicted of taking bribes in connection with the Yulgok program and officers' promotions, were released through a stay of execution on Monday. The Seoul High Public Prosecutor's Office sentenced former Navy Chief of the General Staff Kim Chol-u to three years' imprisonment, four years' stay of execution and a 300-million won fine.

Kim was sentenced to six years in prison at the first trial. He was charged with receiving money from an arms dealer in connection with the Navy's destroyer purchase project.

The former commander of the Marine Corps, Cho Ki-yop, was sentenced to two years and six months' imprisonment, three years' stay of execution and a 60-million won fine. He was sentenced to three years in jail at the first trial.

Another former Navy Chief of the General Staff, Kim Chong-ho, was sentenced to three years' imprisonment and a 373-million won fine. He received a six-year prison term at the first trial.

The judges said, "the defendants admit they received money, though denying the money had some connection with the promotion of military officers. But we feel the money has some connection with the promotions. We are reducing their terms of imprisonment because they appeared before the prosecution voluntarily before the prosecutor's summons."

Meanwhile, the head of Haksan Co., Chong Ui-sung, who was charged with giving bribes to Kim Chol-u, was sentenced to one year and six months' imprisonment and three years' stay of execution.

**DLP Lawmaker Resigns Posts for Bribery Scandal**

*SK0702050594 Seoul YONHAP in English 0139 GMT  
7 Feb 94*

[Text] Seoul, Feb. 7 (YONHAP)—Rep. Pae Myong-kuk of the ruling Democratic Liberal Party [DLP] has decided to resign from the central executive council and as chairman of the South Kyongsang Provincial chapter of his party, it was reported Monday. Pae is under suspicion of having conspired with an aide to former Rep. Pak Chae-kyu to expose a scandal in which Pak had received bribes amounting to 200 million won from his supporters in 1989. Pae replaced Pak at the National Assembly after Pak's conviction on charges of accepting

the bribes. But two weeks ago, Pak's aide came forward and said he had exposed the scandal at the instigation of Pae, from whom he received 2 million won.

In resigning from the party post and the provincial chairmanship, Pae took "moral responsibility" for the affair when he called on DLP Secretary-General Mun Chong-su Monday morning.

During the meeting, Mun said Pae apologized for causing trouble for the party and the secretary-general.

"Rep. Pae will officially announce his intention to resign from those posts Monday," Mun said.

Pae insisted, however, that he had not instigated former Rep. Pak's aide, Kim Tae-wol, to bring bribery charges against his boss. But he admitted that he had given 2 million won to Kim Tae-wol after learning that Pak had received bribes.

**Foreign Investment in Infrastructure Approved**  
SK0702102494 Seoul YONHAP in English 0803 GMT  
7 Feb 94

[Text] Seoul, Feb. 7 (YONHAP)—The government decided Monday to allow partial foreign capital access to the so-called Social Overhead Capital (SOC) projects.

In discussing ways to organize funds for state infrastructure projects, the Finance, Trade, Industry, and Energy, and Transportation Ministries agreed with the Economic Planning Board (EPB) on approving foreign investment to some extent by revising the foreign capital inducement act.

Putting up funds for infrastructure ventures would not mean that foreigners could exercise management rights, a senior EPB official said, adding that their participation would be limited to joining a local consortium or buying small stakes.

In addition, when launching a joint venture with private companies, public corporations can supply no more than 50 percent of financing and are deprived of voting rights so as to fully guarantee private management.

Burma

Further on Visit by Lao Foreign Minister

Than Shwe Receives Delegation

*BK0402143594 Rangoon Radio Burma in Burmese  
1330 GMT 4 Feb 94*

[Text] Senior General Than Shwe, chairman of the State Law and Order Restoration Council [SLORC] of the Union of Myanmar [Burma] and commander in chief of the Defense Services, received a delegation led by Mr. Somsavat Lengsavat, foreign minister of the Lao People's Democratic Republic [LPDR], which is currently in Yangon [Rangoon], at the Ministry Defense's Dagon House at 0930 this morning.

Lieutenant General Maung Aye, deputy commander in chief of the Defense Services and commander in chief of the Army; Lt. Gen. Khin Nyunt, secretary-1 of the SLORC; Lt. Gen. Tin U, secretary-2 of the SLORC; U Ohn Gyaw, minister of foreign affairs; Thura U Aung Htet, director general of the Protocol Department; and Kideng Thammavong, ambassador of the LPDR to the Union of Myanmar, were also present at the meeting.

Lao Minister Views Ties

*BK0402153694 Rangoon Radio Burma in Burmese  
1330 GMT 4 Feb 94*

[Text] A delegation led by Mr. Somsavat Lengsavat, foreign minister of the Lao People's Democratic Republic, paid a courtesy call on Lieutenant General Chit Swe, minister of forestry affairs, at the International Business Center Building's guest hall at 1330 this afternoon.

At the meeting, Foreign Minister Mr. Somsavat Lengsavat said historically, there is a friendly cooperation between Lao and Myanmar [Burma]. He also said that, even at the present, there is no problem, even concerning the survey and demarcation of border, between the two countries. He also thanked the minister for sending teakwood to Laos and for providing the animals and birds free-of-charge for the recently opened zoological garden.

Delegation Departs 7 Feb

*BK0702154794 Rangoon Radio Burma in Burmese  
1330 GMT 7 Feb 94*

[Text] A Lao delegation led by Mr. Somsavat Lengsavat, foreign minister of the Lao People's Democratic Republic, who is visiting Myanmar [Burma] at the invitation of U Ohn Gyaw, minister of foreign affairs, left for home by air today. The delegation was seen off at the airport by U Ohn Gyaw, minister of foreign affairs, and wife; U Nyunt Swe, deputy minister of foreign affairs; responsible personnel from the Ministry of Foreign Affairs; Mr. Kideng Thammavong, ambassador of Laos, and wife; and Lao Embassy officials.

Refugee Repatriation From Bangladesh Totals

*BK0702090394 Rangoon Radio Burma in Burmese  
0630 GMT 7 Feb 94*

[Text] In accordance with the coordinated agreement reached between the two countries on the repatriation of those who illegally left Myanmar [Burma] for Bangladesh, 67 persons from 13 households were repatriated to our Kanyinchaung reception center by two motor-boats on 5 February.

Since the repatriation began on 22 September 1992, a total of 52,602 persons from 11,798 households had been accepted so far up to 5 February 1994.

Vessels Warned To Avoid Oil Test Sites

*BK0702155394 Rangoon Radio Burma in Burmese  
1330 GMT 7 Jan 94*

[All coordinates as heard]

[Text] Under an agreement reached between the Myanmar [Burma] Oil and Gas Enterprise and Total Myanmar Exploration and Production, marine surveys will be conducted for 90 days—from today through May 1994—at the M-5 and M-6 offshore oil exploration concession sites.

A mariners' notice has been issued warning fishing trawlers to refrain from entering the following sites: North latitude 15 degrees, 24 minutes, and 0 seconds and East longitude 93 degrees, 21 minutes, and 0 seconds to North latitude 14 degrees, 44 minutes, and 0 seconds and East longitude 93 degrees, 21 minutes, and 0 seconds; North latitude 15 degrees, 24 minutes, and 0 seconds and East longitude 94 degrees, 49 minutes, and 0 seconds to North latitude 14 degrees, 40 minutes, and 0 seconds to East longitude 94 degrees, 49 minutes, and 0 seconds; North latitude 15 degrees, 24 minutes, and 0 seconds and East longitude 96 degrees, 15 minutes, and 0 seconds to North latitude 14 degrees, 44 minutes, and 0 seconds and East longitude 96 degrees, 15 minutes, and 0 seconds.

Brunei, Malaysia & Singapore

Malaysia

Commentary Hails End to Vietnam Embargo

*BK0702131294 Kuala Lumpur Voice of Malaysia in English 0800 GMT 7 Feb 94*

[Station commentary]

[Excerpt] The announcement by President Bill Clinton that the United States has decided to withdraw its embargo against Vietnam is most welcome. It has been hailed by many as a move that will be good for America, good for Vietnam, and good for the international community.

Malaysian Prime Minister Dr. Mahathir Mohamed has described the U.S. position as good news, adding that it will help Vietnam grow and prosper. And indeed it will as inflow of foreign investments into Vietnam, especially by American businessmen, will become a key factor in restructuring and boosting the country's economy.

The lifting of the embargo, imposed three decades ago, has been long overdue. In the United States, it has been a delicate issue because the Vietnam War had taken a heavy toll on the American servicemen's lives—61,000 in all—and there are some 2,238 soldiers listed as missing or (counted) as prisoners of war.

The U.S. President has said that he has made the move to lift the embargo not for economics, but because he thought it was the best way to get the fullest possible accounting of those missing, referred to as MIA. Whatever the reasons, it is a wise, bold, and pragmatic move despite the fact that there may be many Americans who are opposed to the measure. But it is the first step toward normalization of relations between the two countries. It is good that Vietnam has plenty to gain from the lifting of the embargo. Even when embargo was in place, Vietnam achieved a 7.5-percent economic growth. Now with the embargo lifted, the country's economy is expected to grow by more than 10 percent this year. [passage omitted]

**BN Unveils Manifesto for Sabah Elections**  
*BK0802075894 Kuala Lumpur Voice of Malaysia in English 0600 GMT 6 Feb 94*

[Text] A master plan to make the dream of a new Sabah a reality was unveiled today. The people of Sabah have been invited to join other Malaysians in enjoying the economic prosperity the rest of the country is undergoing. This is contained in the Barisan Nasional [BN] or National Front manifesto which was announced in Kota Kinabalu this morning. The BN promises to raise the economic performance of Sabah within 100 days if the coalition elected to form the next state government.

The 10-point master plan promises a higher growth rate compared to only 4.4 percent for Sabah state at present. The per capita income will also be increased to 10,000 ringgit by the year 2000 compared to only 3,600 ringgit now. The BN says the government will allocate at least 700 million ringgit in a seven-year period for the construction of low-cost houses. It is the dream of the BN that every Sabahan will own a house by the year 2000.

The manifesto invites the people of Sabah to be with other Malaysians to forge ahead in a new prosperous era under one country, one government and one region. The theme of the BN mandate is Mandate for a New Sabah.

#### **Sabah Foundation Chief on Government Ties**

*BK0702154194 Kuala Lumpur UTUSAN MALAYSIA in Malay 21 Jan 94 pp 1, 2*

[Excerpt] Labuan, 20 January—Sabah Foundation Director Datuk Dr. Jeffrey Kitingan, just released from house arrest, said last night that relations between Kuala Lumpur and Sabah would improve.

Speaking to reporters during a stopover here on his way to Kota Kinabalu, he said: "We managed to get the message across, and the leaders in Kuala Lumpur now understand our problems. These problems have plagued the state over the past few years. I believe everyone knows that the best way to solve them is through cooperation." He said there are several leaders in Sabah and Kuala Lumpur who want to restore relations and work together again. "We all accept Vision 2020 [national development plan]; we must set aside our political differences and work together," he said.

Jeffrey Kitingan, the younger brother of Sabah Chief Minister Pairin Kitingan, declined to elaborate further on the matter, noting that he was returning to Sabah to assist the PBS [Sabah United Party] in the upcoming state elections on 18-19 February. The latest reports say that Jeffrey will run in the Bingkor constituency. He is also expected to strengthen Pairin's leadership and solve the PBS's internal problems. [passage omitted]

#### **Deregistered USNO Leaders Move to Ruling Party**

*BK0702131194 Kuala Lumpur NEW SUNDAY TIMES in English 6 Feb 94 p 2*

[Excerpt] Kota Kinabalu, Sat.—Leaders of the deregistered USNO [United Sabah National Organization] led by Datuk Amirkahar Tun Mustapha have joined the Parti Bersatu Sabah [Sabah United Party, PBS] to contest the state elections under the PBS banner. Amirkahar, who is the former USNO president, and other officials have been submitting their membership forms to PBS President Datuk Sri Joseph Pairin Kitingan over the past few days.

Pairin confirmed today that they have become full-fledged members of the PBS since the party constitution requires that those standing on a PBS ticket must be a party member. "It is a temporary measure to comply with the PBS constitution," he told reporters here after witnessing the Sabah Premier League players sign their contract with the State Football Association. Pairin said once the election was over, these leaders could resign from the PBS and join USNO Baru [New] or any other party. "If USNO Baru is registered, they can resign from the PBS and join USNO Baru. There is nothing complicated about it," he said. Pairin said the move to make them members was not to force them to remain in the PBS.

When contacted today, PBS-Plus Codirector of Operations Mohamed Naser Mohamed Noor who quit his post

yesterday, said there was no longer a PBS-Plus grouping and Amirkahar's group had betrayed their supporters by joining the PBS. Naser, who was the political secretary to Amirkahar, said the move would result in thousands of USNO supporters abandoning their support for Amirkahar and his group. He said he would work hard to ensure these supporters back the Barisan Nasional [National Front]. [passage omitted]

### Cambodia

#### **Khmer Rouge Criticize U.S. on Sin Song Entry**

*BK0802030294 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 7 Feb 94*

[Text] People have asked this question: The United States has set itself up as the defender of human rights. Why then does the U.S. Government embrace the puppet of the Vietnamese communists named Sin Song, great murderer and criminal, and let him go to the United States?

It has been reported that the U.S. State Department has issued a visa to Vietnamese communist puppet Sin Song to travel to the United States. This report, picked up from Western foreign news agencies, says that Sin Song is a murderer. He killed over 400 members of various political parties and arrested over 3,000 others during the May 1993 pre-election period. The Cambodian nation and people still clearly remember that before the May 1993 elections, puppet Sin Song was the security chief of Vietnam's puppets. He has mistreated, arrested, and executed hundreds of people and members of various political parties. Furthermore, in July 1993 puppet Sin Song led the movement of seven eastern provinces to secede from Cambodia and opposed the national reconciliation plan offered by the prince father [Sihanouk].

The Cambodian nation and people have condemned the Vietnamese communist puppet Sin Song as a great criminal and murderer, who kills the Cambodian nation and people, and as a traitor. The way the United States has embraced the puppet Sin Song has made people ask this question: The United States have set themselves up as defenders of human rights. Why then does the U.S. Government issue a visa to the Vietnamese communist puppet Sin Song, great criminal and murderer, to travel to the United States?

#### **NADK Claims Success in Pursat Battles**

*BK0802040094 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 7 Feb 94*

[Summary] 1. On 1 and 2 February, leaders of Vietnamese communist puppets and the two-headed government forced their troops to attack the people and the National Army of Democratic Kampuchea [NADK] in Bak Chenhchien area in Leach District, Pursat Province.

They were ambushed and routed by the people and the NADK as we killed or wounded 13 and seized weapons and war materiel.

2. On 2 February, the people and the NADK ambushed and routed an attack by a company of soldiers of the Vietnamese communists' puppets and the two-headed government near Prei Kabbas village in Leach District. We killed or wounded 16 attacking soldiers and seized three AK weapons and war materiel. The remaining troops fled.

3. On 2 February, troops of the Vietnamese communists' puppets and the two-headed government attacked the people and the NADK in Ta Ches village in Leach District. They were ambushed and attacked with mines, killing three and wounding six. The remaining soldiers fled. The people and the NADK seized 23 mines and war materiel.

4. On 3 February, the people and the NADK ambushed and completely routed an attack by troops of the Vietnamese communist puppets and the two-headed government along Route 56 in Leach District, Pursat Province. We killed four enemy soldiers and wounded six others and seized three trucks loaded with supplies and ammunition, 16 assorted guns, and war materiel. The people and the NADK are now in full control on Route 56 in Leach.

### Indonesia

#### **Ministry Condemns Attack on Sarajevo Civilians**

*BK0802095894 Jakarta ANTARA in English 0825 GMT 8 Feb 94*

[Text] Jakarta, Feb. 8 (ANTARA)—Indonesia condemned on Monday the bombing by Serbs of a civilian target, killing 68 people in Sarajevo on Saturday last week. An official statement issued by the Ministry of Foreign Affairs said that the shelling by Serbs of a busy market in Sarajevo was an act against the norms which respect human dignity. The attack, which wounded 200 innocent people, must be condemned as it constituted a brutal act, unacceptable to civilised people, the statement said.

"This incident should call for the attention of the international community that settlement of conflict in Bosnia-Herzegovina is now on a very pressing stage," the statement said.

Strong reactions also came from other countries such as the Organisation of Islamic Conference (OIC), China, Pakistan, Bangladesh, Germany, France, the United States, and Turkey, in principle, they called on the North Atlantic Treaty Organization (NATO) to launch an air strike for the liberation of Sarajevo from the siege of Bosnian Serbs, the daily said. [paragraph as received]

**Governor: No Need To Withdraw Timor Troops**  
*BK0802094294 Jakarta ANTARA in English 0651 GMT 8 Feb 94*

[Text] Dili, Feb 8 (ANTARA)—East Timor Governor Abilio Jose Osorio Soares said on Monday that the proposal by Australia, Britain and Canada to the UN secretary general for Indonesia to withdraw its troops from the province should not be taken seriously. "The Indonesian Armed Forces (ABRI) play a very important function in the welfare of the people," said Soares before leaving for Denpasar to attend the inauguration of the new Bali-based Udayana regional military commander. He said ABRI's territorial operation in East Timor was different from those in Europe which was mostly aimed at military purposes.

Noting that several western countries have often misjudged ABRI's role in the province, the governor said, "They view the presence of the troops as a violation of human rights." According to him, the East Timorese in fact welcome the troops stationed there in order to maintain security and train the residents in skills needed to develop the province.

He believed the Western countries would be very surprised to learn that ABRI soldiers did not carry any weapons but a mattock instead. "The troops work with the locals to build roads, farms, churches, mosques and other places of worship." The governor stressed that the provincial administration and residents have never objected to the presence of ABRI troops. "It is always the Westerners that like to create an issue," he added.

However, Soares also said the troops would be pulled out gradually unless the locals wanted otherwise. "If they are still needed, they will stay," he said, adding that the troops would be withdrawn completely by 1995, on condition that the province showed progress.

**Philippines**

**Secretary: Government To Maintain Sabah Claim**  
*BK0802123594 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0930 GMT 8 Feb 94*

[Text] The Philippines will continue to maintain its claim on Sabah. This was Foreign Affairs Secretary Roberto Romulo's reaction to Senator Arturo Tolentino's pronouncement that the country has renounced its claim to Sabah, which was relayed by the president to Malaysian Prime Minister Mahathir bin Mohamed:

[Begin Tolentino recording in progress, in English] ...it's on border problems with the Philippines. Formerly, Mr. Mahathir said that unless the Sabah claim is dropped, he would not step again on Philippine soil. And he would not negotiate any treaties such as border agreements unless the Sabah claim is dropped. Now he has come here. He seems to be a very happy man and even went to

the extent of giving a gift of an automobile to our president in exchange of a Timex watch. This means that he is very happy now, and the only explanation for his satisfaction is that the Sabah irritant has already been withdrawn. [end recording]

Romulo said, however, that this is not true and that the government has no intention of giving up its claim to Sabah. Romulo added that the Malaysian Government is ready to help the Sultan of Sulu's heirs with their territorial claim. [sentence as heard]

[Begin Romulo recording, in English] I believe that was brought up in the context of a conversation of the president with Dr. Mahathir. I cannot give you any further enlightenment on that. I assure you that there is no agreement on Sabah at this point in time. It was more the desire of the president to help the heirs of Sabah above and beyond the nominal rental that is being paid now. [end recording]

**Ramos Discusses Oil Price Policy, Initiatives**

*BK0802090394 Quezon City PTV-4 Television Network in English 0636 GMT 7 Feb 94*

[Weekly news conference by President Fidel V. Ramos with domestic and foreign correspondents at Malacanang Palace in Manila—live; italicized passages in Tagalog]

[Excerpts] [Unidentified correspondent] Sir, how will the government's development projects be affected by the suspension of the oil price increase, considering that the reason for the imposition of the one-peso oil levy is for the government's infrastructure projects?

[Ramos] Well, the estimate of the finance people, the revenue people is that, under the present parameters, a one-month suspension would amount to the loss of about P1.2 billion [Philippine pesos] in revenues. But precisely government agreed to this three-week suspension. It's really a three-week suspension—from today 7 February to 28 February—21 days, because we feel there could be some alternatives, new ones, alternatives that have not yet been factored into their original computations. Example, is the P1.9 million saving that is going to arise out of the 5 percent additional reserve that I imposed on the MOOE [expansion unknown] of all government departments, agencies, and offices.

Another possible alternative could be a recomputation of the oil price hikes, because we are seeing, and this is based on some very intensive study that we made over the weekend up to early this morning, including myself, we are seeing a plus-21 centavos in all of the computations arising out of the lower price of crude oil in the world market and the stable foreign exchange rate—the pesos versus the hard currencies including the dollar.

There are other alternatives of course that were suggested, such as the so-called P150 billion supposedly in the vaults of the Central Bank. But the secretary of

finance, Secretary Bobby de Ocampo mentioned that this is tantamount to just printing paper bills without any backing; and so, they are going to look into that also, just to be sure. And I'm talking about the entire committee of 14.

Other possible resources could come from still unfactored privatization benefits. I say unfactored because most of the government assets already scheduled to be privatized, and the processes are ongoing, were already considered in the computations of the fiscal gap.

We also, I suppose, can derive some resources, although this is probably already going to be marginal, from further belt tightening. But we do not want to touch what we have already programmed for capital expenditures and infradevelopment programs because that would be of a negative effect toward investors who want to come to the Philippines. We must enhance our infrastructure. We have enhanced already the power situation, so that there are no more brownouts. That kind of thing, we will pursue.

[Unidentified correspondent] Sir, point of clarification, the one suspended was the oil price, the 28 January oil price hike. But how about the one-peso levy which was imposed last September?

[Ramos] It is the oil price hike that is suspended, it is not quite a rollback yet, but suspended for a period of three weeks, while the joint committee is working on the longer-term solutions. And, we are inputting all the suggestions from all sectors, especially the KRB [Kilusang Rollback or Rollback Movement] and government, and for others, because there were others here who were neither connected with government nor with KRB who spoke their opinions.

[Unidentified correspondent] How about the one-peso oil levy which was contained in the executive order?

[Ramos] Well, that will now be considered by the committee. The disposition or future of that one peso levy will also be thrown into the deliberations of the committee because their mission is to come up with a long term and enduring and just solution to our perennial problem of deficit. It is really the consolidated public sector deficit that we must solve.

Now, the secretary of finance showed a trend of the behavior of the consolidated public sector deficit. Will you kindly provide them a copy of this [addressing a government official], and it does show a downtrend, very, very significant downtrend from the time this administration took over. That is the permanent or enduring way of preventing inflation, interest rates, and foreign exchange rates from running away, to the detriment of the economy and our people.

[Unidentified correspondent] Sir, one thing more; with the suspension of the 28 January oil price hike, does it mean that the planned second round of increases will not push through anymore?

[Ramos] The committee will look into that because neither the committee nor the president can tell the ERB [Energy Regulatory Board] what to do. We are all suggesting to the ERB these proposed actions and solutions. Of course, the collective influence and clout now of this committee supported by the president would be so much that perhaps the ERB would immediately respond positively to the two resolutions. In fact, Secretary Lazaro on the part of the government was assigned by me to follow up with the ERB their response to these two resolutions. Why Lazaro, not because he is the boss of ERB or the supervisor of ERB, but it is his department that is most closely related to the ERB because of their functions.

[Unidentified correspondent] Sir, thank you.

[Unidentified correspondent] Sir, may I inquire why did it take the threat of a transport strike and a massive [labor] strike and a massing of protest to prompt government to implement that suspension of the oil price hike?

[Ramos] Well, of course the threat cannot be minimized. And this is coming from a broad coalition of forces—from the extreme left to the extreme right—as the KRB themselves described it. But it is also a part that government has been conducting dialogues with the leaders of congress on both sides, the multisectoral basic sectors as they are called, meaning the urban poor, the rural poor, the disabled, the women, the farmers, the fishermen, since we had the social pact of 8 September 1993. And our principal action officers here are Secretary Oscar Santos of the Peace Process Office, and Secretary Ernie Garilao of the Department of Agrarian Reform. In fact, tomorrow we are scheduled to have another meeting with that group here in Malacanang.

What I'm trying to say is that because of these dialogues, we feel comfortable with the so-called marginalized sectors of our society. But since they have joined this broad coalition, we also want them to get the message from the government that certain hard decisions are being made. At the same time, we want to hear directly from them again what are their most urgent concerns. And so, we are acting on the basis of our own well-studied decisions and conclusions.

I'm not doing this under the guns, so to speak. There were some comments even by some of you, that this was done because the IMF was here. No, again I say, and this was clarified by the chairman of our Philippine negotiating team as well as Secretary of Finance Bobby de Ocampo who was part of that team, that what was presented to the IMF was the Philippine Government's plan of action up to year 1998 and into the 21st century which would do many good things. Number one, put us on the growth path. Secondly, effect what would be an exit program for the Philippines in relation to the IMF, and bridge the fiscal deficit that has been perennially bugging our economy.

[Unidentified correspondent] Sir, follow-up question: Isn't the preferred solution something like the perennial creation of another committee to meet the problem, and

there has been some criticisms aired that this suspension is just delaying what is really inevitable?

[Ramos] I think that is a mindset that we should correct now because if there is a new committee to tackle a problem, *your usual response* is, there he goes again. There is a need at this time to facilitate coordination and to open lines of communication. And in this particular case, the joint committee was agreed to, not because the president ordered it. The suggestion in fact came from somebody in the private sector seconded by another one, I think it was Ronnie Concepcion, and so we picked it up as a means to gain time for the study of a comprehensive and enduring solution to this problem because that's really our task.

Our task is not to avoid a *strike*, although if we can avoid it, so much the better for everyone. But we want to get out of this perennial problem of fiscal deficit. And the committee now precisely, has been empowered by their respective constituents to get into both the short-term and the long-term solutions. That is why a period of three weeks was agreed upon. Government wanted about two weeks because government felt that would be sufficient time for consultations and coordination. The ERB wanted one month. Well, the two sides just split the difference and we came up with three weeks which coincidentally falls at the end of the month—28th of February.

[Phone-in question read by Press Secretary Jesus Sison] We have a telephone question, Mr. President, from Ditas Gualberto. She wants to find out if the prices will be automatically lowered with the suspension.

[Ramos] *About the transportation fare, if the Land Transportation Franchising and Regulatory Board will respond to the request of the joint committee, I think it will also be reduced because that came out with the oil price increase which involved P1.55 for gasoline and some other prices for other types of petroleum products. The other components that go into pricing, well, market forces will play, but I would like to assure the consuming public that we do have a very effective price monitoring system now. This is under the Department of Trade and Industry basically, but this is now being assisted by the local government executives who have been ordered by me to monitor prices and prevent and punish, even profiteering. What is profiteering—a 10 percent or more increase of the price of a commodity over the average increase of the month before.*

[Phone-in question read by Press Secretary Jesus Sison] Another question from Iloilo, Mr. President, Radyo ng Bayan [People's Radio], Rene Monteclaro: *What is the president planning to do to restore the citizen's trust on those that will be implementing the projects wherein the source of funds comes from the oil levy?*

[Ramos] *Our projects will continue. I think you will believe this because the president has proof. You just look at the result of our investments in power plants; the rehabilitation of roads, bridges; restoration of public utilities destroyed or damaged during the calamities;*

*improvement in our telecommunication system, transportation system. They are very visible on the ground.*

*We will not lessen the capital outlay because it already has an allocation in the 1994 General Appropriations Act. Nevertheless, we will add the BOT [Build-Operate-Transfer] component, and that will come from the private sector. If the society is in order, if the so-called economic policy environment is steady, predictable, continuous, and would give a fair return on investment to the investors, the BOT area for projects may widen.*

*We have already issued data portfolio on what are the doable [as heard] BOT projects all over the country divided into transport, power, communications, and geographically—region one to region 15.*

[Press Secretary Jesus Sison] Second question sir, [from Monteclaro] *What are the chances that Congress will pass the tax measures so that the oil levy will be scrapped?*

[Ramos] *Since September, the Executive and Legislative have already agreed on what should be given priority among the various legislative proposals proposed by the senators and the congressmen themselves proposed by the executive branch and also recommended by the multisectoral people's organizations. In fact, 93 such bills came out of that Social Pact, so-called summit last 8 September. Overtime, that has been refined to a really, top, top priority of 15 bills which both houses of Congress has committed over and over again, since even before they resumed their session on 24 January. And I want to read these priority bills so that our people will know that we are not only talking about tax measures but enhancement of the economic environment, enhancement of the revenue effort, and these are the following:*

- Amendment to the BOT law. *So that we can have other arrangements for firming up and completing BOT agreements and contracts because it is not only BOT that is feasible nowadays. We are trying to get other arrangements which are existing in other countries, like ROL, Rehabilitate, Operate and Lease. There is also ROT, Rehabilitate, Operate and Transfer, there is also BOO [expansion unknown], etcetera, etcetera, which create new opportunities for investors in the Philippines.*
- Liberalizing the entry of foreign banks. Finally, a composite bill has been forged in committee in the Senate so that this proposal is as perfect as human talent can make it, according to the committee. And I have certified that composite bill.
- Alien legalization act. We must finally resolve the status of overstaying aliens in the Philippines. Many of them are Chinese, mainly Filipino-Chinese who are still considered stateless. *Because some of them came out of that original group in 1949 when the Chiang Kai Shek forces, the Kuomintang fled the mainland, and of course they have children and grandchildren already.*
- Commission on Higher Education. This is to improve the administration of education especially at the higher levels.

- Science and Technology Scholarship Program. Again, this is to improve our human development. *All of these lend impact to our competitiveness for our economic growth.*
- Amending Foreign Investments Code, again, to improve our attractiveness to investors.
- Resolution on citizenship. This is a different action from the Alien Legalization Act because this pertains to authorizing the executive branch to set up the procedures, the fees, and the other arrangements to facilitate citizenship of foreign residents in the Philippines.
- National Health Insurance, dual training system. *These two are important in the improvement of our skills, our health, etc.*
- Geothermal energy sources, antipilferage of electricity and transmission lines; again, this to improve our energy mix at the same time deter criminals from pilfering electricity, transmission lines, etc.
- Shelter and Urban Development Financing Act, this is to finally package the financial programs for housing, especially socialized housing, because right now there are so many agencies that are involved. There is no single focus on the priority for developing a more aggressive housing program.
- The one called TESDA, Technical Education and Skills Development Authority. Again, this is related to human development.*
- VAT [value added tax] refinements. *This is a proposed tax measure, and there are two more bills pertaining to population stabilization and next, the set or the family of resolutions, ratifications and bills for the implementation of GATT agreement resulting from the settlement of the Uruguay round, because we are going into a world trade organization set up, starting about April 1994.*

[Phone-in read by Press Secretary Jesus Sison] *We have a statement from Bacolod, from Raul Gacagculo of Bombo Radyo [Big Drum Radio] that says there is a big rally going on in public plaza of Bacolod, and this is relayed to you for your information and guidance.*

[Ramos] *With our brand of democracy, the people are free to demonstrate, to rally. But it is the responsibility of our officials on duty to explain to our countrymen, especially on the profound and complicated issues such as the oil price increase. And maybe, their being together in a rally is a good opportunity for our authorities to meet the crowd and dialogue with them so that there will be a clearer understanding of what is going on.*

*All we ask is let's not make these meetings bloody and violent because it will not only hurt our brothers and countrymen, especially the children, the women, and the aged, but it might also send the wrong signals to our neighboring countries, especially at this time when we are receiving a favorable impression from these countries especially the investors towards the Philippines, especially after our breakthrough in 1993.*

*The visit of Prime Minister Mahathir of Malaysia here in the past four days is a very good indication for us and other nations on what is really the prevailing condition in our dear motherland, the Republic of the Philippines. And*

so I hope that that message to our friends in Bacolod will get through. Yes, go ahead and rally as much as you want. But be sure it does not become violent or unruly or riotous. And we must also observe the rights of the others who are not involved in the rally because they must not suffer from this mass action. But better yet, give everybody a chance as we have done here in Malacanang to dialogue with each other, consult with each other, and determine what are really the genuine issues involved. So that we can come to a comprehensive and permanent solution of the problem.

[Unidentified correspondent] Sir, the passage and implementation of revenue-generating measures normally take time. Since the suspension of the oil price increase will only be for three weeks, what will happen if the options proposed by the joint committee are not implemented before the end of the month. Will the oil price increase be implemented?

[Ramos] We do not know yet. I don't think we should be second-guessing that committee because they're composed of bright people. Let's give them a chance to work out something for the good of the country. But there are inputs that are already available, for instance, the 5 percent reserve on MOOE could be diverted immediately to some other needs especially in regard to infrastructure development that might be prejudiced due to the three-week suspension of the ERB decisions.

We are also seeing some hitherto unlisted privatization measures. Unlisted because they are not yet been factored in. Such as the proposed privatization of government shares of the Meralco [Manila Electric Company]. Only this morning, I issued the directive to [Finance] Secretary De Ocampo, who is the chairman of our committee on privatization, to go ahead with that Meralco privatization, but certain parameters and standards must be observed because we do not want the government to be prejudiced. Those are some of the things that we can use to offset.

[Unidentified correspondent] Sir, are you confident that the P10 billion revenues that can be lost from the oil price increase can be generated within three weeks?

[Ramos] *The reported loss is P1.2 billion per month from the OPSF, [Oil Price Stabilization Fund] which, according to one of the private sectors, that's peanuts. But they said at the same time, they will be happy to absorb some of the financial impact so that it will not be the poorer sectors that will suffer. And so, we welcome that.*

*What will this commitment from the private sector translate to in terms of a practical formula? Well, maybe we can price gasoline in a socialized way especially for private car owners. Probably, we can still increase beyond P1.55 because if someone owns a car, the conclusion is, he can afford it. Socialized pricing, what shall we reduce? Maybe the price of LPG [liquefied petroleum gas]. And so, these are some of the solutions being suggested. But, obviously we couldn't find all the solutions in the two and a half hours that we've met.*

And so, we threw all the proposals, the bright ideas to this committee, and we are giving them three weeks to come up with comprehensive, enduring, and just solutions to the basic problem which is the deficit, specifically the consolidated public sector deficit. [passage omitted]

[Unidentified correspondent] Sir, it was pointed out that the 18.40 centavo per kilowatt hour of Meralco has nothing to do with this recent P1.00 or to P1.55 per liter oil price hike. And you mentioned that this Meralco rate hike was intended to enable Meralco to expand its facilities. Will this 18.40...

[Ramos] I did not say that, somebody here said that. But anyway, let's answer this question.

[Unidentified correspondent] Will this also be rolled back, this Meralco rate?

[Ramos] Those hearings are not yet finished; there is no decision yet as far as I know. But maybe we should just tackle that when the problem comes. According to the ERB, and this is according to them, there are really three issues that they have tried to address because they are all interrelated. The first one is the levy. The second is the build-up of the oil price stabilization fund which went into deficit by the end of December 1993, sooner than their predictions. And the third, is the so-called return on rate base or RORB of oil companies.

*This one about Meralco is to enable them to expand so that they can provide better service here in their franchise area, and also to pay their bills some of which have become due already because if it is not paid and the interest will balloon, again this probably is going to be passed on to the consumers. But in any case, this is something that is not yet finished. We hope that Meralco, just like government, is trying to do, can find some alternatives. [passage omitted]*

[Phone-in question read by Press Secretary Jesus Sison] From Michelle Lopez Antonino of Las Pinas, she wants to find out if she goes to the gasoline station today, will the price of the gasoline before....

[Ramos] *The process is like this. Our joint committee and this is supported by the president, is now communicating with the ERB, presenting these two resolutions to the ERB, the Chairman Mr. Tantiongco I suppose will receive this. I asked Energy Secretary Lazaro to help in its delivery. And it is up to ERB to decide on the resolutions. Probably, if they will approve it and they will issue a new order to amend the orders that were mentioned in the resolution, maybe it will return to the status quo ante. But as of now, they still have to act on it. Maybe you are looking at another day. [passage omitted]*

#### Roundup of Rebel Activities 29 Jan-4 Feb

BK0802122994

[Editorial Report] The following is a roundup of reports on Philippine rebel activities from Philippine media monitored by Bangkok Bureau between 29 January and

4 February 1994. Source information is given in parentheses at the end of each item.

29 January-1 February

No fileworthy items.

2 February

Top officers and armed regulars of the Communist Party of the Philippines-New People's Army [NPA] in Agusan Province, headed by Front Committee Chairman Deo Oncad Maguanta, abandoned their camp and surrendered to military authorities. "The collapse of the revolutionary movement in the tri-boundary of Agusan, Bukidnon, and Misamis is already seen with the coming down of Maguanta's first batch of rebels," said a military officer. (Manila MANILA BULLETIN p B-12)

3 February

Sixty-five regulars and political cadres of the Communist Party of the Philippines-NPA surrendered on 28 January to take advantage of the government's amnesty program in Cauayan, Negros Occidental. The rebels all belonged to the Southern Negros Command. Each person surrendering was assured of 8,000 Philippine pesos in government financial assistance. (Manila PHILIPPINE DAILY INQUIRER p 21)

An NPA political instructor surrendered to military authorities in Gumaca, Quezon after denouncing the alleged rift over corruption in the communist movement in the province's third and fourth districts. He was identified as Renito N. Casimiro, alias "Comrade Larry" or "Claro." Casimiro was the political instructor and political officer of the Executive Committee of the Felimon Cortez Command's Partisan Unit. (Manila MANILA BULLETIN p B-6)

4 February

Three Moro Islamic Liberation Front rebels and one NPA rebel died in separate encounters with government troops in Cotabato and Zamboanga. Meanwhile, the vice commander of the NPA's Romeo Regencia Brigade—identified as Mariano Mamucatcat, alias "Marion Atoy"—and two top communist rebels surrendered to military authorities in Zamboanga del Norte and Iligan City. The brigade operates in the mountains of Misamis Oriental and Iligan. (Manila MANILA BULLETIN p SB-2)

Seven NPA rebels surrendered to military and civilian authorities in Ilocos Norte and Agusan del Norte. They also turned over five high-power firearms and live bullets. (Manila MANILA BULLETIN p 25)

#### Thailand

**Editorial: Region Benefits From U.S.-SRV Trade**  
BK0802113794 Bangkok MATICHON in Thai 8 Feb 94  
p 2

[Excerpts] The U.S. trade sanctions imposed on the SRV for 19 years have finally been lifted by the U.S. Government of President Bill Clinton. Although the war in Vietnam was over in 1975, the American people continued to feel the pain of the defeat of the U.S.-backed South Vietnam. [passage omitted]

The main purpose of this policy change is not for trade with Vietnam, but to search for missing American soldiers, dead or alive. President Clinton wanted the opening up of trade with Vietnam to achieve, in return, a greater cooperation from the Vietnamese Government in finding the MIA's. It has been long anticipated that the U.S. trade embargo on Vietnam, a measure which runs against the principle of free trade upheld by the United States, would finally be lifted by the U.S. Administration under President Bill Clinton who was an opponent of the Vietnam war as a student. [passage omitted]

On the whole, the U.S. lifting of the trade embargo on Vietnam should contribute to economic growth in Southeast Asia. Foreign investment in Vietnam will boost Vietnam's economy and the Vietnamese people's purchasing power. This will enhance Vietnam's economic potential making it a new competitor in this region. This trend will serve as an economic impetus for the entire region, including Thailand itself which, from now on, will have to make greater efforts in economic development if it still dreams of becoming an economic leader in the region.

**Paper: U.S. Sees Gain in GATT Regulations**

*BK0802111894 Bangkok SIAM RAT in Thai 8 Feb 94*  
*p 4*

[Editorial: "The U.S. Stand on the Liberalization of Banking Business"]

[Excerpts] The current of globalization now creeping into the livelihood of the Thai people and society is expected to bring about several abrupt changes in many areas. Without well planned and effective precautions, national development will be obstructed and delayed while businesses and trade with foreign countries will be adversely affected.

Based on our observation, changes in three areas will take place in the near future. They are: First, the launching of the "Thaicom" satellite which, as everyone knows, will greatly benefit Thai society. Second, the introduction of an fiber optic cable into telephone service which will be tremendously beneficial to telecommunication facilities. Third, the promulgation of the new international investment and trade regulations under the "GATT" agreement in which Thailand is also a signatory.

Under the "GATT" agreement, the structure and system of trade and investment will have to be significantly readjusted. It is imperative that the government clearly explain as well as give sufficient knowledge to the people so as to enable them to be fully prepared in advance to cope with possible impacts. Educational institutions should also disseminate necessary information and knowledge to their students because we will certainly be unable to avoid the consequences.

Also under the "GATT" agreement, the United States will play a role in trade and investment in this country.

Aside from telecommunications, the United States is likely to get more involved in other businesses. The United States particularly has been pressing for the liberalization of banking business in this country.

Two events which took place in the past week gave us some hint about the U.S. stand in this connection. On 5 February, David Lambertson, U.S. ambassador to Thailand, and Colonel Chinnawut Sunthonsima, minister attached to the Prime Minister's Office, jointly opened the "Development Partnership" program under which the United States has agreed to provide 225 million baht for environmental development and AIDS prevention. [passage omitted] Another event is the 3 February announcement on the lifting of the U.S. trade embargo against Vietnam. [passage omitted]

The two cited events indicate the U.S. role and expectations in Thailand and the Indochinese region. Naturally, the United States intends profit more here.

However, if it is true that the United States is pressing for the liberalization of banking business to allow its commercial banks to operate in this country, the government must treat this matter as important as other major issues such as relations between the two countries. The government must work out necessary measures to cope with the situation as a result of the enforcement of the new "GATT" regulations.

**Foreign Minister Sees Visiting Lao Counterpart**

*BK0802144094 Bangkok Voice of Free Asia in Thai*  
*1030 GMT 8 Feb 94*

[Text] Lao Foreign Minister Somsavat Lengsavat, who is on a two-day visit to Thailand, called on Foreign Minister Squadron Leader Prasong Sunsiri at the Foreign Ministry today at 1430. After consultations, the two ministers signed an agreement on the exemption of visas for diplomatic passports.

The Thai and Lao ministers held a news briefing after their meeting. They reported on the progress of their discussion about the ownership of the Thai-Lao Friendship Bridge. Progress was achieved at today's discussion, which was marked by a mutual understanding. There are only technical problems involving laws left to be settled. The two ministers believed that a final agreement could be achieved soon.

The two also discussed a Lao proposal to open a consulate in Thailand to which Thailand agreed in principle. The site of the consulate has not been fixed, but Nong Khai Province was mentioned as most appropriate.

After the briefing, Foreign Minister Prasong was scheduled to accompany Lao Foreign Minister Somsavat Lengsavat for an audience with His Majesty the King at Chitlada Palace.

**Dispute Over Bridge With Laos Resolved**  
**BK0802033894 Bangkok THE NATION in English**  
**8 Feb 94 p A 5**

[Excerpts] Thailand and Laos have resolved a dispute over the ownership of the Mittraparb (Friendship) Bridge by agreeing to divide it at mid-point, informed sources said yesterday. An agreement on ownership is expected to be signed today by Foreign Minister Prasong Sunsiri and his Laotian counterpart Somsavat Lengsavat when they meet at the Foreign Ministry in Bangkok, the sources said. The agreement will set aside the boundary question and enable technical officials to continue negotiations on the administration and maintenance of the bridge.

Director General of the Department of Energy Affairs Dr Prathet Sutabut is to lead a Thai delegation to Vientiane soon to discuss administration and maintenance of the bridge.

Thai officials said any agreement reached by the delegation would be an "interim measure" to, facilitate the administration and maintenance of the bridge and to divide jurisdiction. But it will have no bearing on the boundary line between the two countries along the Mekong river. The agreement will state that both sides will continue to regard the river's deepest point beneath the bridge as the natural boundary line, the officials said. [passage omitted]

Technically, under the Thai proposal, the ownership line would move closer to the Laotian side of the bridge in concurrence with the international borderline along the Mekong River. But the proposal from Vientiane would require a change to the Thai constitution.

According to Thai estimates, about 1,000 vehicles will use the bridge daily when it is opened. Prathet said in a recent interview that under a tentative agreement, a Bt10 toll will apply to four-wheeled vehicles and about Bt50 will be levied on coaches and trucks. At this stage, the fee will be collected only one-way. Thailand-bound and Laos-bound vehicles will pay an entry fee at the entry point and will not be charged at the exit point, Prathet said. The bridge will be opened between 8 am and 6 pm.

However further discussions will be needed to conclude all the details, he said.

**Malaysia To Study Proposal on New Bridges**  
**BK0802041294 Bangkok BANGKOK POST in English**  
**8 Feb 94 p 6**

[Excerpts] A feasibility study will be made on a Thai proposal for two bridges to be built linking Narathiwat's Takbai and Waeng districts with Kelantan's Bunkit Bunga and Pengkalan Kubor. [passage omitted]

Malaysia yesterday agreed to have the Thai-Malaysia Border Socio Economic Development Committee conduct the study. Malaysian Defence Minister Dato Seri Mohammad Najib bin Tun Hayi Abdul Razak said after

yesterday's committee meeting in Bangkok that the committee would be responsible for the study. [passage omitted]

A senior Thai military officer said: "Malaysia has not accepted our proposal, but it has positively responded to it. It might be a time before a conclusion can be reached on the topic." The Thais led by Defence Minister Gen Wichit Sukmak also urged Malaysia to add more ferries to the existing ferry service at Takbai-Pengkalan Kubor. Both Dato Deri Mohammad Abdul Razak and Gen Wichit hailed the success of the meeting at which both sides reviewed the committee's performance and assigned new tasks.

Gen Wichit said both countries agreed to set a time frame, likely to be mid-1994, to review some topics which should be amended to cope with the changing situation because a threat from the communists (Communist Party of Malaya) had been eliminated.

Fourth Army Commander Lt-Gen Kitti Rattanachaya, who also chairs the Thai-Malaysia Regional Border Committee, said Malaysia had stressed several times that it would not allow terrorists to use its territory as a base to cause trouble. During a meeting chaired by supreme commanders from both sides last October, Malaysia turned down a Thai proposal to class "separatist movements" as both countries' common enemy, under a border treaty.

However, during that meeting, Malaysia said it would provide full cooperation with Thailand to resolve the problem and it would not allow separatists to take refuge in Malaysia.

"By the middle of this year a second high-level meeting will be held in Malaysia and then we will know the scope of the treaty amendment.

"Any amendment will benefit the two countries," said Maj-Gen Pricha Rungsawan, commander of the General Border Committee's Office.

**Vietnam**

**Remains of 13 U.S. Servicemen Returned**  
**BK0802150894 Hanoi VNA in English 1454 GMT**  
**8 Feb 94**

[Text] Hanoi VNA Feb. 8—The Vietnam MIA office yesterday handed over to the representatives of the US military Joint Task Force on the MIA issue 13 remains of the American servicemen and personal effects relating to 26 American militarymen reported missing in the Vietnam war.

It is the first handover since US President Bill Clinton's decision to lift the trade embargo on Vietnam last week. And since March 1974, Vietnam has on 46 occasions returned the remains of 593 American servicemen to the US side.

Of the 13 remains returned yesterday, six were collected by the Vietnam-US joint search teams during the 27th joint search operation for MIAs and seven handed over by the local people.

The US side appreciated the humanitarian policy and cooperation of the Vietnamese Government and people in settling the MIA issue.

**Radio Reports Returned Remains**

*BK0802112694 Hanoi Voice of Vietnam in English  
1000 GMT 8 Feb 94*

[Text] Vietnam has handed over to the U.S. the remains of 12 U.S. servicemen reported missing in the Indochina war. Head of the Hanoi Task Force for MIA Colonel John Cray said the lifting of the embargo created more favorable conditions for his job in Vietnam. He also believed that Vietnam would now more actively cooperate with the U.S. to solve the MIA issue.

**Cam Holds Talks With Russian Deputy Premier**

*BK0802143694 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 8 Feb 94*

[Text] Vietnamese Foreign Minister Nguyen Manh Cam, on his way home after visiting a number of East Asian countries, made a stopover in Moscow from 5 to 7 February.

During his stay in Moscow, the Vietnamese foreign minister held a working session with Russian Deputy Premier Yarov, chairman of the Russia-Vietnam Governmental Commission for Economic and Scientific-Technological Cooperation, and Russian Foreign Minister Kozyrev.

Minister Nguyen Manh Cam and Russian Deputy Premier Yarov noted great efforts by both sides in carrying out tasks during the past period. Both sides agreed that more efforts should be made to accelerate and expand cooperation for mutual interest, especially in the areas of energy and the processing of such tropical agricultural products as tea, rubber, coffee, coconut oil, and fruits. Efforts should also be made to develop light industry, expand cooperation between Vietnamese provinces and Russia's Eastern Region, and strengthen direct relations between business establishments of the two countries. Both sides emphasized the necessity to exchange views on strengthening the bilateral economic, trade, and scientific-technological relations in the days ahead.

In his meeting with the Russian Foreign Minister Kozyrev, the two ministers noted positive progress in bilateral relations during the past period. They agreed that greater efforts should be made to enhance the relations of friendship and multicooperation between the two countries.

**Former Thai Prime Minister Discusses Visit**

*BK0802041494 Bangkok THE NATION in English  
8 Feb 94 p A 3*

[Excerpt] Former Prime Minister Anan Panyarachun has described his recent visit to Vietnam as "very successful" as he was given opportunities to see his old friends and his companions were encouraged to do business in Vietnam.

"We had a very good two-day visit here because we were given opportunities to call on Premier Vo Van Kiet and Party Secretary-General Do Muoi and the delegates, after talking with other Vietnamese high ranking officials, were now able to attain Vietnam's policies and government leaders' views so that they could plan their future investment in Vietnam," said Anan in an interview with THE NATION before leaving Hanoi Friday for Ho Chi Minh City, the second leg of his working visit to Vietnam.

Anan led a delegation comprising 20 top Thai businessmen on a five-day working visit to Vietnam at the invitation of Vietnamese Premier Vo Van Kiet. The visit was described by both the hosts and the guest as "a returning home." "For the Vietnamese, you have been our friend for years. You have been making every effort to establish good Thai-Vietnamese ties. Therefore in our view, your trip to Vietnam this time could be seen as a returning home," said Dau Ngoc Xuan, chairman of the State Committee for Cooperation and Investment at a reception given shortly after Anan's arrival.

The respect given to Anan by the Vietnamese even sounds better when Vietnamese Premier praised his guest as Vietnam's good and trusted friend. "Your visit will surely usher in a new era, that of a multi-faceted cooperation between our two countries," Kiet said at a reception given to Anan last Wednesday [2 February]. "We should join our efforts on accelerating the Thai-Vietnamese ties regardless of whatever the past was," Kiet added.

In turn, Anan said he shared the Vietnamese leaders' views. "I'll do everything I can to accelerate and cement Thai-Vietnamese ties," he added. Anan also said during his long talks with Kiet at a small private dinner given in his honour by the Vietnamese premier, the host and the guest had talked quite a bit about political and economic ties between Vietnam and Thailand.

"We all expressed our satisfaction at the development of the ties between our two countries," said Anan, adding that he was quite satisfied with his trip.

Asked if there was any contact signed during the trip, the former premier said three memorandums of understanding would be signed in Ho Chi Minh city. According to them, a zippers and buttons factory would be set up by Saha Union and there would be technical cooperation between Pranda Jewellery (of Thailand) and Saigon Jewellery.

Asked to comment on the decision recently taken by the United States to lift the trade embargo against Vietnam the former premier said, "it's good for the United States. It's good for Vietnam. It's good for the region. The move helps everybody put the Vietnam War behind them. We all look forward to expanding ties between the countries, between the United States and Vietnam," he said. [passage omitted]

#### Tax Authorities To Target Expatriates

*BK0802093494 Hong Kong AFP in English 0503 GMT 8 Feb 94*

[Text] Hanoi, Feb 7 (AFP)—Foreign business people who fail to produce a tax clearance form upon leaving Vietnam will be barred from returning, under a plan being worked out jointly by taxation and immigration authorities. General Department of Taxation (GDT) officials told the weekly Vietnam Investment Review (VIR) that they were planning to introduce the procedure to halt income-tax dodging by expatriates.

"Currently, there's no coordination at all and many foreign businessmen slip through without any tax payment," the GDT's Truong Chi Trung was quoted as saying. He did not say when the plan would be put in place. Trung said GDT would also like to work with banks operating in Vietnam to achieve tighter control over the repatriation of profits overseas. "So far, we have no idea who sends what," he told VIR.

Trung said loopholes in tax-collection procedures were costing Vietnam massive revenue losses. Foreign-invested enterprises nonetheless paid 5.5 trillion dong (511 million dollars) in taxes last year, nearly twice as much as in 1992.

#### Overseas Vietnamese Return for Tet, Investment

*BK0802081794 Hanoi VNA in English 0742 GMT 8 Feb 94*

[Text] Hanoi VNA Feb. 8—More than 100 overseas Vietnamese returning from 15 countries for Tet, the lunar new year festival falling on Feb. 9, met here on Thursday in the presence of Vice President Nguyen Thi Binh. Speaking at the function, Mr Nguyen Ngoc Tran, chairman of the Central Board for Overseas Vietnamese said that about 180,000 Vietnamese overseas had returned to the homeland for Tet and for investment opportunities in 1993, compared to little more than 100,000 for the Tet of last year.

He said that their activities to contribute to national renovation have become more and more practical and fruitful. By the end of 1993, overseas Vietnamese had 30 projects licensed by the Vietnamese Government capitalized at tens of millions of US dollars. They mostly deal with electronics, chemicals, tourism, services, agriculture, forestry, fishery and soft drinks.

They also have contributed to the transfer of modern technology to the country in several fields. Many consultative ideas from overseas Vietnamese have been considered valuable by government offices in the fields of education and training, science and technology, finance, banking tourism and administration.

After Tet, a number of overseas Vietnamese experts will return to the homeland to attend a conference on Vietnam's university education renovation with their colleagues here.

According to Mr Tran, more than 2 million Vietnamese have settled in 70 countries. There are about 1 million in the United States, 200,000 in France, 150,000 in Canada, 130,000 in Australia and 85,000 in Germany. Around 400,000 of them have got university or post graduate degrees and some are holding key positions in many branches of sciences, technology and management.

Overseas Vietnamese remittance to their families constitutes an important source of foreign exchange.

Total import-export turnover of companies owned by overseas Vietnamese is estimated at around USD 4-6 million a year.

In order to broaden the overseas Vietnamese participation in economic and technical development programmes in the country, the government is preparing to establish an overseas Vietnamese bank, a centre of training and technology transfer staffed by overseas Vietnamese and also so form of non-governmental consultancy mechanism of overseas Vietnamese.

#### NHAN DAN Editorial Marks Party Anniversary

*BK0402073294 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 2 Feb 94*

[Text] In today's issue, NHAN DAN carries an editorial marking the party's 64th founding anniversary. The editorial reads in part as follows:

The international situation has developed quickly and complicatedly since the seventh party congress. Our country is making efforts to overcome difficulties and move forward. There still remain many weaknesses and shortcomings. Nonetheless, under the party's leadership, we have overcome to a very important extent the socio-economic crisis, continued to maintain and consolidate political stability, and broadened diplomatic relations. Those particularly important achievements have created the preliminary conditions for our country to gradually shift to a new state of development to serve the goals of national industrialization and modernization.

Realities over the past years testify to the correctness of the party's major renovation policies and to the appropriateness of its actions. The resolutions of the sixth and seventh party congresses have been applied in a practical fashion.

Australia

**Keating, Evans View Response to Bosnia Shelling**

**Not in 'Sphere of Influence'**

*LD0702122594 Melbourne Radio Australia in English  
1100 GMT 7 Feb 94*

[Text] Prime Minister Paul Keating has described as outrageous and tragic the weekend shelling attack on Sarajevo. The UN secretary general, Boutros Boutros-Ghali, has asked NATO to authorize air strikes against Serb artillery in Bosnia following the mortar bomb attack on a crowded Sarajevo market place. Mr. Keating says the conflict is outside Australia's sphere of influence and a matter mainly for the United Nations and Europeans. He says Foreign Minister Gareth Evans will be seeking advice from the U.S. and Europe about their intentions and the prospects for a diplomatic resolution.

[Begin Keating recording] Where any further consideration goes on the part of other participants in the United Nations about arming one side of the conflict against another, or, in fact, taking military action is a matter for a closer judgement than I think we are able to bring from this distance. [end recording]

**Evans Cautions on Air Strikes**

*BK0802084094 Melbourne Radio Australia in English  
0500 GMT 8 Feb 94*

[From the "International Report" program"]

[Text] Australia has promised its support for any United Nations decision on air strikes. However, Foreign Minister Gareth Evans says there are still reasons for caution. Senator Evans told Radio Australia's Linda Curtis in Canberra that the decision on air strikes is getting closer.

[Begin recording] [Evans] Well, clearly, we are a lot closer to that than we were just 24 hours ago and that is sending, equally obviously, a very clear message to the Bosnian Serbs, who are now talking yet again about the voluntary demilitarization of the area. If that result can be achieved without opening up the potential downward spiral of violence that might flow from air strikes and which has been worrying everybody up until now, then that is, of course, a very good result indeed.

[Curtis] So, there are still fairly strong reasons for caution on air strikes?

[Evans] That is the problem. There is a tremendous urge, which I certainly feel and I am sure people around the world feel, that we ought to be doing something to respond to this carnage and to stop it happening again in the future, but the problem is that it is very difficult to guarantee that result through military operations of this kind.

You have got the effectiveness problem that is actually winking out the batteries around the city; you have got the problem of keeping them silent when the military analysts say that it would take up to 50,000 troops permanently stationed there to do that; you have got the problem of retaliatory violence occurring elsewhere around Bosnia. There is only 11,000 UN troops there at the moment and they are supervising the feeding of some 2 million people at the moment. And, if it makes it impossible for them to do their job, you may well at the end of the day be creating even more misery, implausible as that sounds, than has been generated by the continuing attacks on Sarajevo. So, it is a very difficult finely balanced equation, and what we have been saying is that we just simply can't make those judgements from this distance without our own people on the ground, but we will back the judgements of those that are closer to the action.

[Curtis] Is it time for NATO to back up its rhetoric? It has threatened air strikes in the past?

[Evans] Well, undoubtedly it would. But the question you have to then ask is what happens next. Will it plunge the country into a cycle of retaliatory violence which will end up creating net additions to the sum of human misery in that country? There was tremendous enthusiasm for rushing in in Somalia—you may remember in the middle of last year, and shooting up that awful General Aidid for the terrible things that he was doing—and the net result of that was to create three months of absolute chaos on the ground, many, many deaths being caused and absolutely no advance in the overall politico-military situation. And those lessons have to be learned carefully and those around the world who are rushing into print with robust commentary about how wimpish everyone has been, I think very often they are just not making those kinds of calculations. They are very tough, they are very finely balanced. [end recording]

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